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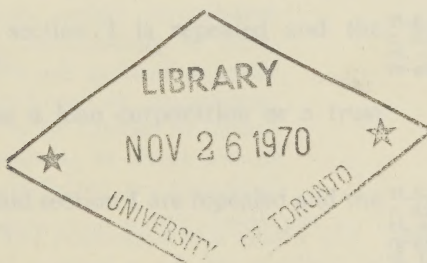
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Legislative assembly.

56

An Act to amend The Loan and Trust Corporations Act

MR. LAWRENCE (Carleton East)



TORONTO

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3RD SESSION, 38TH LEGISLATIVE ASSEMBLY
19 JULY 1970

An Act to amend The Loan and Trust Corporations Act

EXPLANATORY NOTES

SECTION 1. The definitions are amended to exclude special reference to loaning land corporations which are included in the expanded definition of loan corporation. The repeal of clauses *l* and *m* is complementary to section 4 of this Bill.

The Attorney General



BILL 221

1970

An Act to amend The Loan and Trust Corporations Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Clause *a* of section 1 of *The Loan and Trust Corporations Act*, as re-enacted by section 1 of *The Loan and Trust Corporations Amendment Act, 1967*, is amended by adding at the end thereof “and includes a partnership of which the members are accountants”, so that the clause shall read as follows:

(a) “accountant” means a person who is a member of The Canadian Institute of Chartered Accountants or any other person who is an accountant and who, in either case, is acceptable to the Registrar as being competent to audit the accounts and transactions of corporations under this Act, and includes a partnership of which the members are accountants.

(2) Clause *c* of the said section 1 is repealed and the following substituted therefor:

(c) “corporation” means a loan corporation or a trust company.

(3) Clauses *h* and *i* of the said section 1 are repealed and the following substituted therefor:

(h) “loan corporation” means an incorporated company, association or society, constituted, authorized or operated for the purpose of lending money on the security of real estate or investing money in mortgages, charges or hypothecs upon real estate or for those and any other purposes, but does not include a chartered bank, an insurance corporation, a trust company, or an investment company registered under *The Investment Contracts Act*.

R.S.O. 1960,
c. 222, s. 1,
cl. *a* (1967,
c. 49, s. 1),
amended

R.S.O. 1960,
c. 222, s. 1,
cl. *c*,
re-enacted

R.S.O. 1960,
c. 222, s. 1,
cl. *h*,
re-enacted;
cl. *i*,
repealed

R.S.O. 1960,
c. 194

R.S.O. 1960,
c. 222, s. 1,
cls. *l*, *m*,
repealed

(4) Clauses *l* and *m* of the said section 1 are repealed.

R.S.O. 1960,
c. 222, s. 1,
amended

(5) The said section 1 is amended by adding thereto the following clause:

(*na*) "provincial trust company" means a trust company that is a provincial corporation.

R.S.O. 1960,
c. 222, s. 3,
subs. 1,
amended

2. Subsection 1 of section 3 of *The Loan and Trust Corporations Act* is amended by striking out "a loaning land corporation" in the second line, so that the subsection shall read as follows:

Application
for
incorpora-
tion

(1) An application for the incorporation of a loan corporation or a trust company shall be made by petition to the Lieutenant Governor in Council through the Minister in the prescribed form, and shall be delivered to the Registrar.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *c*,
re-enacted

3.—(1) Clause *c* of subsection 2 of section 4 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

(*c*) state the capital of the corporation, the classes, if any, into which it is to be divided, the number of shares of each class and the par value of each share, and where more than one class of shares is provided for, one class shall be common shares designated as such, and the other class or classes shall be preference shares designated as such;

(*ca*) in the case of preference shares, provide for the preferences, rights, conditions, restrictions, limitations or prohibitions attaching thereto including, without limiting the nature thereof, the right of the corporation to purchase for cancellation or at its option to redeem all or part of the preference shares of any class, or provide for conditions, restrictions, limitations or prohibitions on the right to vote.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *d*,
amended

(2) Clause *d* of subsection 2 of the said section 4 is amended by striking out "or a loaning land" in the first line and by striking out "and loaning land corporations" in the fourth and fifth lines, so that the clause shall read as follows:

(*d*) in the case of a loan corporation, define and regulate the exercise of such general powers of borrowing as are by this Act conferred upon loan corporations, and declare within what limits such borrowing powers are to be exercised, and whether by issuing debentures or otherwise.

SECTION 2. Complementary to section 1 of this Bill.

SECTION 3—Subsection 1. The amendment requires the classes of hares and conditions and preferences to be set out in the by-laws.

Subsection 2. Complementary to section 1 of this Bill.

Subsection 3. The terms "ordinary", "special", etc., applied to meetings are simplified by reference to general meetings, of which one type is an annual meeting.

Subsection 4. The provision repealed is re-enacted by section 4 of this Bill.

SECTION 4. The amendment repeals provisions pertaining to permanent stock and the issue of shares not fully paid up and makes direct statutory provision for some matters formerly done by by-law under section 4 (2) of the Act.

SECTION 5. The amendment requires the winding up of a corporation if its registration lapses for two years, in addition to the case where it does not exercise its corporate powers.

SECTION 6. Complementary to section 1 of this Bill.

SECTION 7. The amendment would permit loan corporations, with the consent of the Lieutenant Governor in Council, to engage in agency business.

(3) Clause *e* of subsection 2 of the said section 4 is amended by striking out "ordinary and special" in the first and second lines, so that the clause shall read as follows: R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *e*,
amended

(*e*) provide for the holding of general meetings of the shareholders.

(4) Subsection 2 of the said section 4 is amended by inserting "and" at the end of clause *g*, by striking out "and" at the end of clause *h* and by striking out clause *i*. R.S.O. 1960,
c. 222, s. 4,
subs. 2,
amended

4. Section 9 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 9,
re-enacted

9.—(1) No share shall be issued on or after the 30th day of June, 1970, until it is fully paid and a share is not fully paid until all consideration therefor has been received by the corporation. Fully paid
shares

(2) No shares of any class shall be issued at a discount or upon any terms, agreement or understanding that the holder thereof is liable for any lesser amount than the par value thereof. No issue
of shares
at discount

(3) No transfer of shares shall be made that has the effect of reducing the number of shareholders to less than twenty-five. No transfer
to reduce
number of
shareholders
to less
than 25

5. Subsection 1 of section 13 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 13,
subs. 1,
re-enacted

(1) If a corporation does not go into actual *bona fide* operation and becomes registered under this Act within two years after incorporation or if it does not use its corporate powers for the purposes set forth in its letters patent, the Act or instrument of incorporation, or is not registered under this Act during a period of two consecutive years, its corporate powers, except so far as is necessary for winding up the corporation, shall thereupon cease and determine. Termination
of
corporate
powers
where
non-user

6. Section 14 of *The Loan and Trust Corporations Act* is repealed. R.S.O. 1960,
c. 222, s. 14,
repealed

7. Section 18 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 18,
re-enacted

18.—(1) A loan corporation may apply by petition to the Lieutenant Governor in Council for an order Application
by loan
corporation
for power to
act as agent

authorizing the corporation to act generally as agent for the transaction of business, the collection of loans, rents, interest, dividends, mortgages and other securities for money, as a depository for the safe-keeping of securities and personal property and to carry on the business of a mortgage or real estate broker.

Application
authorized
by resolution

- (2) An application under subsection 1 shall be authorized by a resolution of the directors.

Amendment
of
registration

- (3) Upon the making of an order under subsection 1, the Registrar shall amend the registration of the corporation kept under clause *a* of subsection 1 of section 111 and subsection 1 of section 121.

R.S.O. 1960,
ss. 20-23,
re-enacted

8. Sections 20, 21, 22 and 23 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Annual
meeting

- 20.—(1) A corporation shall hold an annual meeting of shareholders at the head office of the corporation or elsewhere in Ontario at least once in each year for the purposes of considering the financial statement of the corporation required to be laid before the meeting by section 69, the election of directors, the appointment of auditors and the transaction of such other business as is permitted or required by law or by the by-laws of the corporation.

Notice

- (2) Notice of the time and place of the annual meeting shall be given to each person who on the record date for notice appears on the records of the corporation as a shareholder by delivering or sending the notice by mail to his latest address as shown on the records of the corporation at least ten days before the date of the meeting.

General
meetings

- 21.—(1) The directors of a corporation may at any time by resolution call a general meeting of the shareholders for the transaction of any business specified in the resolution.

Requisition
by
shareholders

- (2) Shareholders holding not less than 10 per cent of the issued shares of a corporation carrying the right to vote at the meeting may request the directors to call a general meeting of the shareholders for any purpose that is connected with the affairs of the corporation and that is not inconsistent with this Act.

SECTION 8. The amendment specifies the place of the annual meeting and updates the provisions for notice and the requisitioning of shareholders' meetings.

- (3) The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office of the corporation, and may consist of several documents in like form signed by one or more requisitionists. ^{Form of requisition}
- (4) Upon deposit of the requisition, the directors shall call forthwith a general meeting of the shareholders for the transaction of the business stated in the requisition. ^{Directors to call general meeting}
- (5) Notice of any general meeting of the shareholders shall be given in the manner provided in subsection 2 of section 20. ^{Notice}
- (6) No business other than that specified in the notice thereof shall be transacted at a general meeting unless all the shareholders are present in person or are represented by proxy and unanimously consent thereto. ^{Other business}
22. Every director or officer of a corporation wilfully neglecting or omitting to give or cause to be given the notice for any general meeting required by section 21 is guilty of an offence. ^{Offence}
- 23.—(1) The by-laws may provide for the fixing in advance of a date as the record date, ^{Record dates}
- (a) for the determination of the shareholders entitled to notice of meetings of the shareholders, which record date for notice shall not be more than fifty days before the date of the meeting and not fewer than the minimum number of days for notice of the meeting and where no such record date for notice is fixed by by-law, the record date for notice shall be at the close of business on the day next preceding the day on which notice is given or sent; and
- (b) for the determination of the shareholders entitled to vote at meetings of the shareholders, which record date for voting shall be not more than forty-eight hours, excluding Saturdays and holidays, before the date of the meeting and, where no such record date for voting is fixed by by-law, the record date for voting shall be at the time of the taking of the vote.

Voting
rights

23a. The holder of each common share and, subject to clause *ca* of subsection 2 of section 4, the holder of each preference share who, on the record date for voting appears on the records of the corporation as a shareholder is entitled to one vote for each share held by him, upon which he is not in arrear in respect of any call, at all meetings of shareholders of the corporation.

R.S.O. 1960,
c. 222, s. 25,
amended

9. Section 25 of *The Loan and Trust Corporations Act* is amended by striking out "annual and special" in the first line, so that the subsection shall read as follows:

Minute
Book

25. The transactions of all general meetings of the corporation and of all meetings of the board of directors shall be entered in a book known as the "Minute Book" of the corporation.

R.S.O. 1960,
c. 222, s. 34,
subss. 3, 4,
re-enacted

10. Subsections 3 and 4 of section 34 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Retirement
age

(3) On and after the 1st day of January, 1972, no person is qualified for appointment or election as a director if he has attained the age of seventy-five years.

Majority
to be
Canadian
citizens and
residents

(4) The majority of the directors shall at all times be Canadian citizens ordinarily resident in Canada.

New election
to fill
director-
ships in
such case

(4a) Where more than the permitted number of non-residents and aliens are elected, a new election shall be held forthwith to fill all the directorships to which non-residents or aliens have been elected, and so on until the number of non-residents and aliens elected is reduced to or below the permitted number.

R.S.O. 1960,
c. 222, s. 49
(1961-62,
c. 7+, s. 2),
amended

11. Section 49 of *The Loan and Trust Corporations Act*, as re-enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1961-62*, is amended by striking out "stock" in the first line, so that the section shall read as follows:

Par value
of shares

49. The par value of a share of capital shall be \$1 or any multiple thereof not exceeding \$100.

R.S.O. 1960,
c. 222, s. 58,
re-enacted

12. Section 58 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1968-69*, is repealed and the following substituted therefor:

Increase or
decrease of
capital

58.—(1) The directors of a corporation may by by-law provide for the increase or decrease of its capital.

SECTION 9. Complementary to section 3 (3) of this Bill.

SECTION 10. A maximum age of 75 years is fixed for directors and the requirement that a majority be British subjects is changed to Canadian citizens.

SECTION 11. The reference to "stock" is deleted to update the terminology.

SECTION 12. The purpose of the amendment is to define more exactly the procedures necessary for increasing or decreasing the capital of a corporation.

- (2) The by-law shall state the number, class and par value of the shares by which the capital is so increased or decreased. Contents of by-law
- (3) The directors may by by-law provide upon terms therein stated for the conversion of partly paid up shares into paid up shares or for subdividing shares or altering the par value of shares. Conversion of partly paid up shares
- (4) The liability of shareholders to persons who, at the time the capital is increased or decreased or shares are converted or altered, are creditors of the corporation remains as though the capital had not been increased or decreased or the shares had not been converted or altered. Rights of creditors preserved
- (5) Where a by-law under this section would have the effect of increasing or decreasing the capital of a corporation or altering the liability of any shareholder thereof, a copy of the proposed by-law shall be delivered to the Registrar and no such by-law shall be passed for at least one month thereafter. Copy to Registrar
- (6) No by-law under this section has any force or effect until it has been submitted to a general meeting of the shareholders of the corporation duly called for that purpose at which the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and is confirmed thereat, with or without variation, by a resolution passed by the affirmative votes of the holders of at least two-thirds of the shares represented at the meeting, and has thereafter been confirmed by order of the Lieutenant Governor in Council. Confirmation of by-law by shareholders and by order in council
- (7) Notice of such general meeting of the shareholders shall be given as provided in subsection 2 of section 20 and such additional notice as the Registrar may direct. Notice to shareholders
- (8) The Lieutenant Governor in Council may grant this confirmation, required by subsection 6, if he is satisfied of the *bona fide* character of the changes provided for in the by-law, unless it appears that the confirmation of the by-law would not be in the public interest. When confirmation may be granted
- (9) With the consent of the corporation, evidenced by a resolution of the directors, the changes provided for Varying by-law on confirmation

in any by-law under this section may be varied or amended by the confirming order in council, and may be made subject to such conditions as the Lieutenant Governor in Council considers proper.

Evidence
of con-
firmation

- (10) A copy of the order in council confirming a by-law under this section, certified by the Clerk of the Executive Council shall be received in evidence as *prima facie* proof of the confirmation.

Effective
date of
by-law

- (11) A by-law under this section becomes effective on the date specified in the confirming order in council.

R.S.O. 1960,
c. 222, s. 61,
repealed

13. Section 61 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222, s. 62,
amended

14. Section 62 of *The Loan and Trust Corporations Act* is amended by striking out "and subsections 5 to 8 of section 59 apply to the books prescribed by section 61" in the second and third lines, so that the section shall read as follows:

Application
of s. 59,
subss. 6-8

62. Subsections 6 to 8 of section 59 apply to the registers prescribed by section 60.

R.S.O. 1960,
c. 222,
ss. 66-69,
re-enacted

15. Sections 66, 67, 68 and 69 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Auditors

- 66.—(1) The shareholders of a corporation at their first general meeting shall appoint one or more auditors to hold office until the close of the first annual meeting and, if the shareholders fail to do so, the directors shall forthwith make such appointment or appointments.

Appointment
annually

- (2) The shareholders shall at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting and, if an appointment is not so made, the auditor in office continues in the office until a successor is appointed.

Casual
vacancy

- (3) The directors may fill any casual vacancy in the office of auditor, but, while such vacancy continues, the surviving or continuing auditor, if any, may act.

Removal
of auditor

- (4) The shareholders may, by resolution passed by a majority of the votes cast at a general meeting duly called for the purpose, remove an auditor before the expiration of his term of office, and shall by a majority

SECTION 13. The section repealed provides for recording of the holders of terminating shares. The section is repealed because loan corporations no longer have terminating shares.

SECTION 14. Complementary to section 13 of this Bill.

SECTIONS 15 and 16. The purpose of the amendment is to ensure the independence of auditors and to provide for an audit committee and is similar to the corresponding provisions in *The Business Corporations Act, 1970*.

of the votes cast at that meeting appoint another auditor in his stead for the remainder of his term.

- (5) Before calling a general meeting for the purpose specified in subsection 4, the corporation shall, fifteen days or more before the mailing of the notice of the meeting, give to the auditor, ^{Notice to auditor}
 - (a) written notice of the intention to call the meeting, specifying therein the date on which the notice of the meeting is proposed to be mailed; and
 - (b) a copy of all material proposed to be sent to shareholders in connection with the meeting.
- (6) The auditor has the right to make to the corporation, three days or more before the mailing of the notice of the meeting, representations in writing concerning his proposed removal as auditor, and the corporation, at its expense, shall forward with the notice of the meeting a copy of such representations to each shareholder entitled to receive notice of the meeting. ^{Right of auditor to make representations}
- (7) The remuneration of an auditor appointed by the shareholders shall be fixed by the shareholders, or by the directors if they are authorized so to do by the shareholders, and the remuneration of an auditor appointed by the directors shall be fixed by the directors. ^{Remuneration}
- (8) If for any reason no auditor is appointed, the Registrar may appoint one or more auditors to hold office until the close of the next annual meeting and fix the remuneration to be paid by the corporation for his or their services. ^{Appointment by Registrar}
- (9) The corporation shall give notice in writing to an auditor of his appointment forthwith after the appointment is made. ^{Notice of appointment}
- (10) A person, other than an incumbent auditor, may not be appointed auditor at an annual meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the corporation not less than fifteen days before the meeting at which the auditor is to be appointed and where such notice is given the corporation shall send a copy of the notice to the incumbent auditor and ^{Notice to auditor of proposal to appoint another}

to the person whom it is intended to nominate and shall give notice thereof to the shareholders in the manner specified in section 20.

Right of
incumbent
auditor to
make rep-
resentations

- (11) The incumbent auditor has the right to make to the corporation, three days or more before the mailing of the notice of the meeting, representations in writing concerning the proposal not to reappoint him as auditor, and the corporation, at its expense, shall forward with the notice of the meeting, a copy of such representations to each shareholder entitled to receive notice of the meeting.

Inter-
pretation

67.—(1) In this section, “related person” means,

- (a) any spouse, son or daughter of that person;
- (b) any relative of such person or of his spouse, other than a relative referred to in clause *a*, who has the same home as such person; or
- (c) any body corporate of which such person and any of the persons referred to in clause *a* or *b* or the partner or employer of such person, either alone or in combination, beneficially owns, directly or indirectly, equity shares carrying more than 50 per cent of the voting rights attached to all equity shares of the body corporate for the time being outstanding.

Who may
be auditor

- (2) An auditor of a registered corporation shall be an accountant.

Persons
disqualified
as auditors

- (3) No person shall be appointed auditor of a registered corporation if he or any member of his firm is a shareholder, director, officer or employee of such corporation, or of any company in which such corporation has invested its funds under section 138*a* or 140*a*.

Auditor
appoint-
ment

- (4) A registered corporation shall, where possible, cause its auditor or one of its auditors to be appointed auditor of any company in which such corporation has invested its funds under section 138*a* or 140*a* and where such appointment is not possible the corporation shall inform the Registrar of the circumstances that prevent such appointment.

Applica-
tion of
subs. 3

- (5) Subsection 3 does not apply to a person, partner, employer or related person who is not empowered to

decide whether securities of the registered corporation or its holding company, as the case may be, are to be beneficially owned, directly or indirectly, by him, or if he is not entitled to vote in respect thereof.

- (6) Where, on the date this section comes into force, an ^{Idem} auditor or his partner, employer or related person owns securities as set out in subsection 3, notwithstanding subsection 3, he may for a period of two years from the date this section comes into force continue to act as auditor if he discloses in the report required under subsection 2 of section 68 that he or his partner, employer or related person so owns such securities but, at the expiration of such period he shall cease to act as auditor unless he or his partner, employer or related person, as the case may be, has disposed of such securities.
- (7) No person shall be appointed a receiver or a receiver ^{Auditors not to be appointed receivers, etc.} and manager or liquidator of any registered corporation of which he or a related person is the auditor or has been auditor within the two years preceding his appointment as receiver or receiver and manager or liquidator.
- (8) No person who is appointed a trustee of the estate ^{Trustee in bankruptcy not to be appointed auditor} of a registered corporation under the *Bankruptcy Act* (Canada) or a related person shall be appointed ^{R.S.C. 1952, c. 14} or act as auditor of the registered corporation.
- 68.—(1) The auditor shall make such examination ^{Auditor's examination} as will enable him to make the reports required under subsection 2.
- (2) The auditor of a registered corporation shall make ^{Auditor's reports} reports,
- (a) to the shareholders on the financial statement of the corporation referred to in sections 20 and 69; and
 - (b) to the Registrar on the annual statement filed with the Registrar under section 152.
- (3) In the reports required by subsection 2, the auditor ^{Idem} shall state,
- (a) whether he has obtained all the information and explanations he has required;

(b) whether in the opinion of the auditor the financial statement presents fairly the financial position of the corporation as at the date of the balance sheet included therein and the results of the operations of the corporation for the financial period ended on that date; and

(c) whether the financial statements are in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, if any,

in accordance with the information he has obtained and the explanations given to him and as shown by the books of the corporation.

Qualified
report

(4) When the opinion expressed in a statement under subsection 2 is not an unqualified opinion, the auditor shall state in his report the reasons therefor.

Facts
discovered
after
statement

(5) Where facts come to the attention of the officers or directors which, if known prior to the date of the last annual general meeting of shareholders, would have required a material adjustment to the financial statement presented to such meetings, the officers or directors shall communicate such facts to the auditor who reported to the shareholders under this section and the directors shall forthwith amend the financial statement and send it to the auditor.

Amendment
of auditor's
report

(6) On the receipt of facts furnished under subsection 5 or from any other source, the auditor shall, if in his opinion it is necessary, amend his report in respect of the financial statement in accordance with subsection 4 and the directors or, if they fail to do so within a reasonable time, the auditor shall mail such amended report to the shareholders.

Auditor's
statement

(7) The auditor in his reports shall make such statements as he considers necessary,

(a) if the corporation's financial statement or annual statement is not in agreement with its accounting records;

(b) if the corporation's financial statement or annual statement is not in accordance with

any requirements of this Act or as prescribed by the Registrar; or

- (c) if proper accounting records have not been kept so far as appears from his examination.
- (8) The auditor of a corporation has right of access ^{Right of access, etc.} at all times to all records, documents, accounts and vouchers of the corporation and is entitled to require from the directors, officers and employees of the corporation such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2.
- (9) The auditor of a corporation has right of access ^{Idem} at all times to all records, documents, accounts and vouchers of all subsidiaries of the corporation and is entitled to require from the directors, officers and employees of each such subsidiary such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2.
- (10) Where a subsidiary of the corporation is a body ^{Idem} corporate to which this Act does not apply, the holding corporation shall make available to its auditor the records, documents, accounts and vouchers of that subsidiary, and shall require the directors, officers and employees of that subsidiary to make available to its auditor the information and explanations required by subsection 8.
- (11) The auditor of a corporation is entitled to attend any ^{Auditor's right to attend meetings} meeting of the shareholders of the corporation, to receive all notices and other communications relating to any such meeting that a shareholder is entitled to receive and to be heard at any such meeting that he attends on any part of the business that concerns him as auditor.
- (12) Any shareholder of a corporation, whether or not ^{Shareholder may require auditor's attendance at shareholders meetings} he is entitled to vote at meetings of shareholders, may, by notice in writing to the corporation given five days or more before any meeting of shareholders, require the attendance of the auditor at such meeting at the corporation's expense, and in such event the auditor shall attend the meeting.
- (13) At any meeting of shareholders the auditor, if present, ^{Auditor may attend shareholders meetings} shall answer inquiries directed to him concerning the

basis upon which he formed the opinion stated in the report made under subsection 2.

Registrar
may
enlarge
scope

- (14) The Registrar may direct that the scope of the annual audit of a corporation be enlarged or extended and may appoint for such purpose an accountant as an auditor of the corporation and the expenses incurred by reason of such appointment are payable by the corporation.

Annual
financial
statement

- 69.—(1) The directors shall lay before each annual meeting of shareholders,

(a) a financial statement for the period that commenced on the date of incorporation and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, that commenced immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, as the case may be, made up of,

(i) a statement of profit and loss for such period,

(ii) a statement of retained earnings, or surplus for such period,

(iii) a statement of general reserve,

(iv) a statement of accumulated reserves for investments,

(v) a balance sheet as at the end of such period, and if the Registrar so directs, showing in each case the corresponding figures for the last preceding financial period of the corporation;

(b) the report of the auditor to the shareholders;

(c) such further information respecting the financial position of the corporation, as its letters patent, supplementary letters patent, or by-laws, require.

Form

- (2) The Lieutenant Governor in Council may make regulations prescribing the form and content of the financial statement required under subsection 1.

- (3) The report of the auditor to the shareholders shall be read at the annual meeting and shall be open to inspection at the meeting by any shareholder. Auditor's report to be read
- (4) The financial statement shall be approved by the board of directors and the approval shall be evidenced by the signature at the foot of the balance sheet by two of the directors duly authorized to sign and the auditor's report shall be attached to or accompany the financial statement. Approval by directors
- (5) A corporation shall, at least ten days before the date of the annual meeting of the shareholders, send by prepaid mail to each shareholder entitled to notice of the meeting at his latest address shown on the records of the corporation a copy of the financial statement and a copy of the auditor's report. Copy to shareholders
- (6) A copy of the financial statement and auditor's report shall be mailed or delivered without charge to any holder of a debenture or guaranteed investment certificate of the corporation or to any depositor of the corporation who requests the same. Copy to debenture holders

16. Section 70 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 70, re-enacted

- 70. Sections 71 to 76 apply to every loan corporation incorporated under the law of Ontario or having its head office in Ontario and also to every loan corporation borrowing in Ontario by taking deposits or issuing debentures or like obligations. Application of ss. 71-76

70a.—(1) The directors of a corporation shall elect annually from among their number a committee to be known as the audit committee to be composed of not fewer than three directors, of whom the majority shall not be officers or employees of the corporation or an affiliate of the corporation, to hold office until the next annual meeting of the shareholders. Audit committee

- (2) The members of the audit committee shall elect a chairman from among their number. Chairman
- (3) The corporation shall submit the financial statement to the audit committee for its review and the financial statement shall thereafter be submitted to the board of directors. Review

Hearing of
auditor

- (4) The auditor has the right to appear before and be heard at any meeting of the audit committee and shall appear before the audit committee when required to do so by the committee.

Idem

- (5) Upon the request of the auditor, the chairman of the audit committee shall convene a meeting of the committee to consider any matter the auditor believes should be brought to the attention of the directors or shareholders.

R.S.O. 1960,
c. 222, s. 71,
re-enacted

17.—(1) Section 71 of *The Loan and Trust Corporations Act*, as amended by section 5 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Amount of
capital
subscribed
and paid in
before
borrowing

- 71.—(1) No loan corporation shall exercise any of the borrowing powers conferred by this Act unless and until it has a capital paid in and unimpaired of at least \$1,000,000.

Borrowing
powers

- (2) Subject to the qualifications, limitations and restrictions contained in this Act, a registered loan corporation, if authorized by by-law, may,

(a) borrow money by way of loan or on deposit at such rates of interest and upon such terms as the directors may from time to time determine;

(b) issue debentures, bonds and other securities to evidence any such borrowing; and

(c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the corporation present or future, including book debts and unpaid calls, rights, powers, franchises and undertaking, to secure any such debentures, bonds or other securities or any money borrowed.

Confirming
by-law

- (3) No by-law for any of the purposes mentioned in subsection 2 takes effect unless such by-law,

(a) has been passed by the affirmative vote of the holders of two-thirds of the shares for the time being carrying voting rights and present or represented by proxy at a general meeting of the shareholders of the corporation duly called to consider such by-law; or

SECTIONS 17 and 18. The amendments define more exactly the borrowing powers of loan corporations and the procedures and restrictions on amounts that may be borrowed.

SECTION 19. The liquidity requirements for reserves for deposits with loan corporations are altered by permitting deposits in an approved depository other than chartered banks and removing municipal bonds from the required reserve.

- (b) has been passed by the directors and confirmed at a general meeting of the shareholders of the corporation duly called to consider such by-law by resolution passed by the affirmative vote of the holders of at least two-thirds of the shares for the time being carrying voting rights present or represented by proxy at such meeting.

(2) Subsection 1 does not apply to a loan corporation that was registered before the 1st day of January, 1968. Application of subs. 1

18. Sections 72 and 73 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor: R.S.O. 1960, c. 222, ss. 72, 73, re-enacted

72. Subject to the terms and conditions of any charge, mortgage, hypothec or pledge given by a registered loan corporation to secure any particular borrowing, the holders of deposits and the holders of debentures, bonds or other securities rank *pari passu* on the assets of such corporation and are ordinary creditors thereof. Ranking of holders of deposits and debentures

73. Debentures, bonds or other securities of a registered loan corporation shall, Denomination and term of debentures

(a) be for such individual amounts not less than \$100;

(b) be payable in such currency and at such place;

(c) mature on such date not less than one year from the date of issue thereof;

(d) bear such rate of interest; and

(e) in all other respects be in such form and terms,

as the directors of the corporation shall from time to time determine.

19.—(1) Clauses *a*, *b* and *c* of subsection 1 of section 74 of *The Loan and Trust Corporations Act*, as re-enacted by section 6 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 3 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 74, (1966 c. 81, s. 6), subs. 1, cls a, b, c, re-enacted

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*; and

R.S.O. 1960,
c. 222,
s. 74
(1966, c. 81,
s. 6),
subs. 2,
cls. *a*, *b*,
re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 74 are repealed and the following substituted therefor:

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks, or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

R.S.O. 1960,
c. 222,
s. 75,
re-enacted

20. Section 75 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor:

Limit on
borrowing

75. The total amount borrowed by a registered loan corporation, by way of the issue of debentures, bonds or other securities and by way of deposits shall not at any time exceed an amount equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be borrowed by such corporation to an amount not exceeding twenty times the aggregate of such unimpaired capital and reserve; and

SECTION 20. The maximum borrowing by loan corporations, with the approval of the Lieutenant Governor in Council, is increased from fifteen times its unimpaired capital and reserve to twenty times its unimpaired capital and reserve.

SECTION 21. Provision is made for the regulation of pooled trust funds.

- (b) prescribe the portion of the total amount that may be borrowed by such corporation that may be borrowed by way of deposits.

21. *The Loan and Trust Corporations Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 222
amended

78a.—(1) In this section, “pooled trust fund” means a Pooled trust
fund defined trust fund maintained or operated by a trust company in which moneys belonging to various participants are combined for the purpose of investment and entitling the participant to receive on demand, or after a specified period after demand, an amount computed by reference to the value of a proportionate interest in the assets of such trust fund, but does not include a trust fund operated where participation is limited to less than fifty persons.

- (2) The assets of a pooled trust fund shall be held and Trust
document managed in trust under a trust document for the purpose that complies with the regulations made under subsection 8.
- (3) No trust company shall offer to any person, units or Filing of
trust
document other interests in a pooled trust fund until there has been filed with the Registrar the form of the documents evidencing the trust and such other material as to the reporting to participants, advertising, and training of personnel as the Registrar requires in respect of such offering and a receipt therefor has been obtained from the Registrar.
- (4) The Registrar may, when in his opinion such action Information
folder and
delivery to
prospective
purchaser is in the public interest, require a trust company to file with him an information folder in the form prescribed by the regulations with respect to a pooled trust fund and no application or moneys for participation in the pooled trust fund shall be received by the trust company from a prospective purchaser until the trust company has delivered to the prospective purchaser a copy of the information folder that has been filed and the trust company shall obtain from each prospective purchaser with his application a statement in writing acknowledging that he has received a copy of the information folder.
- (5) The information folder shall provide brief and plain Form of
information
folder disclosure of all material facts relating to the pooled trust fund, shall comply as to form and content with the requirements of the regulations and shall be

so certified by the president, vice-president, or managing director or other director appointed for such purpose and by the secretary or manager of the trust company.

New
information
folders

- (6) A trust company that has filed an information folder in respect of a pooled trust fund shall, as long as the trust company continues to offer participation in the pooled trust fund, file with the Registrar, a copy of a new information folder in respect of its contracts,
- (a) forthwith upon any material changes in any facts set out in the information folder filed in respect of such pooled trust fund; and
 - (b) within one year and one month after the date of the latest information folder filed with the Registrar in respect of such pooled trust fund.

Prohibition
order

- (7) When it appears to the Registrar that,
- (a) the information folder, or any other document filed with the Registrar by a trust company under this Act or the regulations,
 - (i) fails to comply in any substantial respect with the requirements of this Act or the regulations,
 - (ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or
 - (iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it is made; or
 - (b) the condition or method of operation of the trust company in connection with its pooled trust fund will render its operations hazardous to the public or to its participants in Ontario,

the Registrar shall report the same to the Minister and the Minister, if he concurs in the report and after hearing the trust company, may order the Registrar to prohibit the trust company from continuing to offer participation in such pooled trust fund.

SECTIONS 22, 23, 24 and 25. The amendments make changes for trust companies corresponding to the changes made for loan corporations by sections 19 and 20 of this Bill.

(8) The Lieutenant Governor in Council may make Regulations regulations,

- (a) prescribing the form and content of the trust instrument establishing a pooled trust fund;
- (b) prescribing investment restrictions and reserves in respect of pooled trust funds;
- (c) prescribing the form and content of information folders;
- (d) prescribing the qualifications and training of persons who may sell interests in pooled trust funds;
- (e) governing the furnishing of information and advertising to the public in connection with a pooled trust fund;
- (f) requiring trust companies to furnish the Registrar with such information, returns and reports respecting pooled trust funds as is prescribed.

22. Section 79 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 79,
re-enacted

79.—(1) A provincial trust company does not have power to borrow money by taking deposits or by issuing debentures. Trust
companies
not to
borrow by
accepting
deposits

(2) A provincial trust company may borrow money and charge, mortgage, hypothecate or pledge all or any of the real or personal property, present or future, of the company other than property deemed by this Act to be held by the company as trustee or received for investment under sections 80 and 81, to secure any moneys so borrowed. Trust
companies
may
borrow on
its own
funds

23. Section 81 of *The Loan and Trust Corporations Act* is repealed. R.S.O. 1960,
c. 222, s. 81,
repealed

24. Section 82a of *The Loan and Trust Corporations Act*, as enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 82a (1965,
c. 61, s. 2),
re-enacted

82a.—(1) The total of the moneys received by a registered trust company as deposits under section 80 and for investment under section 81 or borrowed under section 79 shall not at any time exceed an amount Limit on
guaranteed
funds

equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be so received by such company to an amount not exceeding twenty times the aggregate of such capital and reserve; and
- (b) prescribe the portion of the total amount that may be so received or borrowed by such company that may be received by way of deposits.

Deduction to be made in estimating the paid in capital

- (2) In ascertaining the amounts that may be received or borrowed by a trust company under subsection 1, all loans or advances to its shareholders upon the security of their shares shall be deducted from the amount of the unimpaired capital.

Pledge of securities to Canada Deposit Insurance Corporation

- 82b. Notwithstanding anything in this Act, a trust company may, with the approval of the Registrar, hypothecate, mortgage or pledge the cash and securities ear-marked and set aside under sections 80 and 81 of this Act to the Canada Deposit Insurance Corporation for a loan from that Corporation.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 1, cls. a, b, c, re-enacted

25.—(1) Clauses *a*, *b*, and *c* of subsection 1 of section 84 of *The Loan and Trust Corporations Act*, as re-enacted by section 7 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor:

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 2, cls. a, b, re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 84 are repealed and the following substituted therefor:

SECTION 26. Complementary to section 1 of this Bill.

SECTION 27. The amendment defines more exactly the requirements for confirmation by shareholders of agreements providing for the amalgamation of loan and trust corporations and the purchase of the assets of one corporation by another.

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

26. Subsection 1 of section 97 of *The Loan and Trust Corporations Act* is amended by striking out "or loaning land corporation" in the first and second lines and in the fourth line, so that the subsection shall read as follows:

R.S.O. 1960,
c. 222, s. 97,
subs. 1,
amended

- (1) Any registered loan corporation may unite, merge, amalgamate and consolidate its stock, property, business and franchises with those of any other loan corporation in Canada, or may purchase the assets of any such corporation, or may sell its assets to any registered corporation, and for the purpose of carrying out such purchase or sale the purchasing corporation shall assume the liabilities of the vendor corporation, and may enter into such bond or agreement of indemnity with the corporation or the individual shareholders thereof, or both, as may be necessary, and the corporations may enter into the contracts and agreements necessary to such union, merger, amalgamation, consolidation, sale or purchase.

Power to
unite with
other
corporations
and to
purchase or
sell assets

27. Section 99 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222, s. 99,
re-enacted

- 99. At each of the meetings of shareholders the agreement or offer shall be considered, and if at each meeting the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and the agreement or offer is ratified or accepted by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting, that fact shall be certified upon the agreement or offer by the secretary or manager of each corporation under the seal of such corporation.

Proceedings
to ratify
agreement

R.S.O. 1960, c. 222, s. 102, subs. 5, repealed **28.** Subsection 5 of section 102 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960, c. 222, s. 105, subss. 2, 3, 4, re-enacted **29.**—(1) Subsections 2, 3 and 4 of section 105 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Business and property vested in amalgamated corporation

- (2) From the date of the assent, all the business and real and personal property, and all the rights and incidents appurtenant thereto, all stock, mortgages and other securities, subscriptions and other debts due, and other things in action belonging to each of the amalgamating corporations are vested in the amalgamated corporation without further act or deed.

Creditors' rights

- (3) All rights of creditors and liens upon the property of each of the amalgamating corporations are unimpaired by the amalgamation.

Debts and liabilities

- (4) All debts, liabilities and duties of each of the amalgamating corporations attach to the amalgamated corporation from the date of the assent and may be enforced against it to the same extent as if they had been incurred or contracted by it.

R.S.O. 1960, c. 222, s. 105, subs. 5 (1960-61, c. 48, s. 2, subs. 2), re-enacted (2) Subsection 5 of the said section 105, as enacted by subsection 2 of section 2 of *The Loan and Trust Corporations Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Charter

- (5) Where the amalgamated corporation is to continue as a provincial corporation, the Lieutenant Governor shall, by letters patent, issue to the amalgamated corporation a charter, as at the date of the assent, confirming the amalgamation agreement and continuing the amalgamated corporation as if it had been incorporated under this Act.

To permit continuation of amalgamated company under another jurisdiction

- (6) Where the amalgamated corporation is to continue as other than a provincial corporation and one or more parties to the amalgamation agreement are provincial corporations, the amalgamated corporation may apply to the proper officer of the jurisdiction of continuation specified in the amalgamation agreement for an instrument of continuation continuing the amalgamated corporation as if it had been incorporated under the laws of that jurisdiction.

SECTION 28. The provision repealed prescribes a fee for registration of a certificate of amalgamation. The fee is provided for under the registration statutes.

SECTION 29. The amendment defines more exactly the effect of an amalgamation of loan and trust corporations and provides for the trans-jurisdictional amalgamation of provincial and federal corporations.

SECTION 30. The amendment clarifies the provisions for the acquisition by a loan corporation of the business and assets of another loan corporation by means of a purchase of shares.

30. Subsection 1 of section 106 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 106,
subs. 1
re-enacted

- (1) In addition to its powers under section 97, a registered loan corporation may, for the purpose of either acquiring the assets of any other loan corporation in Canada or uniting, merging or amalgamating with any such corporation under sections 97 to 105, purchase not less than 67 per cent of the outstanding shares of any such corporation, subject to the following:

Acquisition
or amalga-
mation by
registered
loan
corporation
by purchase
of shares

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.
2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar supported by evidence that,

(a) an offer to purchase has been accepted,

(i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation, or

(ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such corporation at a general meeting of the shareholders thereof; and

(b) the purchase has been submitted to a general meeting of the shareholders of the purchasing corporation at which the holders of at least 50 per cent of the issued shares of such corporation for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.

3. The power to purchase shares under this section is in addition to the powers set forth

in section 137, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.

4. Where a corporation has purchased shares under this section, it shall within a period of two years after the purchase has been authorized by the Lieutenant Governor in Council proceed under sections 97 to 105 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other corporation, but the Lieutenant Governor in Council, on being satisfied that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing corporation in the annual report prepared by the Registrar for the Minister, and the Registrar may direct the corporation to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 108,
subs. 1
re-enacted

31. Subsection 1 of section 108 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Acquisition
or amalga-
mation by
registered
trust
company by
purchase of
shares

- (1) In addition to its powers under section 107, a registered trust company may, for the purpose of either acquiring the assets of any corporation in Canada or uniting, merging or amalgamating with any other trust company in Canada under section 107, purchase not less than 67 per cent of the outstanding shares of any such corporation or trust company, subject to the following:

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.
2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar, supported by evidence that,

(a) an offer to purchase has been accepted,

- (i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation or trust company, or

SECTION 31. Corresponds to section 30 of this Bill but applies to trust companies.

- (ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such other corporation or trust company at a general meeting of the shareholders thereof; and
 - (b) the purchase has been submitted to a general meeting of the shareholders of the registered trust company at which the holders of at least 50 per cent of the issued shares of such company for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.
3. The power to purchase shares under this subsection is in addition to the powers that a registered trust company has under section 139, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.
 4. Where a trust company has purchased shares under this section it shall within a period of two years after such purchase has been authorized by the Lieutenant Governor in Council proceed under section 107 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other trust company, but the Lieutenant Governor in Council, on being satisfied, that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing trust company in the annual report prepared by the Registrar for the Minister, and the Registrar may direct such trust company to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 109,
subs. 3,
re-enacted

32. Subsection 3 of section 109 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Protection
from
personal
liability

- (3) No action or other proceeding for damages shall be instituted against the Registrar or assistant registrar, or anyone acting under the authority of the Registrar or assistant registrar, for any act done in good faith in the execution or intended execution of his duty or for any alleged neglect or default in the execution in good faith of his duty.

R.S.O. 1960,
c. 222,
s. 111,
subs. 1,
amended

33. Subsection 1 of section 111 of *The Loan and Trust Corporations Act* is amended by adding "and" at the end of clause *a* and by striking out clause *b*.

R.S.O. 1960,
c. 222,
s. 114,
subs. 3,
re-enacted

34.—(1) Subsection 3 of section 114 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Special
audits

- (3) Where,
- (a) a corporation is three months in default in the delivery of the annual statement required by section 152; or
 - (b) for eighteen consecutive months there has been no audit of the books and accounts of the corporation; or
 - (c) there is filed with the Registrar a requisition for audit bearing the signatures and addresses of at least twenty-five shareholders of the corporation holding shares upon which not less than \$10,000 in the aggregate has been paid in, alleging specific fraudulent or illegal acts or repudiation of contracts or alleging that the accounts of the corporation have been materially and wilfully falsified and accompanied by a deposit of \$1,000 or such other sum as the Registrar fixes as security for the cost of the audit,

the Registrar may appoint an accountant who shall under his direction make a special audit of the books, accounts and securities of the corporation and make to the Registrar a written report thereon.

SECTION 32. The provision protecting the Registrar and assistant registrar from civil liability is written in the form contained in other statutes administered by the Department of Financial and Commercial Affairs.

SECTION 33. Complementary to section 1 of this Bill.

SECTION 34—Subsections 1 and 3. The provision under which the Registrar can conduct his own audit is revised.

Subsection 2. Complementary to section 15 of this Bill.

SECTION 35. The provision repealed permits the Dominion Mortgage Investments Association to require the appointment by the Minister of an examiner under section 115 of the Act. That Association is no longer in existence.

SECTION 36. The amendment defines more exactly the duty of officers of corporations to furnish information to the Registrar on his request.

(2) Subsection 8 of the said section 114 is amended by striking out "66" in the fifth line and inserting in lieu thereof "68".

R.S.O. 1960,
c. 122,
s. 114,
subs. 8,
amended

(3) Subsections 9 and 10 of the said section 114 are repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 114,
subs. 9, 10,
re-enacted

(9) If the report of the special auditor appears to the Registrar to disclose fraudulent or illegal acts or repudiation of contracts or that the accounts of the corporation have been materially and wilfully falsified, he shall notify the corporation accordingly and furnish to it a copy of the report and the corporation shall within two weeks thereafter file a statement with the Registrar replying to such report.

Report of
special
auditor

(10) Upon consideration of the report and the corporation's statement in reply and such further evidence, documentary or oral, as he may require, the Registrar shall by a decision in writing continue, suspend or cancel the registry of the corporation or impose such terms or conditions upon the registry of the corporation, as he considers appropriate.

Registrar's
decision

35. Subsection 8 of section 115 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 115,
subs. 8,
repealed

36. Section 117a of *The Loan and Trust Corporations Act*, as enacted by section 8 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 117a,
(1966, c. 81,
s. 8),
re-enacted

117a.—(1) The Registrar may address any inquiries to a registered corporation or to the president, manager or secretary thereof for the purpose of ascertaining its condition and ability to meet its obligations or as to the conduct of its business and it is the duty of any corporation or officer so addressed to reply promptly in writing to any such inquiry.

Inquires by
Registrar

(2) The Registrar may require a corporation to forward a copy of any letter addressed to the corporation by the Registrar and any answer thereto to each director of the corporation and upon such requirement being made the president of the board of directors shall instruct the secretary of the corporation to include a copy of such letter and the answer thereto in the minutes of the meeting of the directors next following the requirement of the Registrar.

Notice to
directors

Answers
may be
included in
Registrar's
annual
report

- (3) The Registrar may, in his discretion, embody in his annual report to the Minister the inquiries and requirement made by him under this section and the answers thereto.

R.S.O., 1960,
c. 222,
amended

37. *The Loan and Trust Corporations Act* is amended by adding thereto the following sections:

Assets
not
accounted
for

- 118a.—(1) Where it comes to the attention of the Registrar that a provincial corporation may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Registrar is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such corporation and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 118b.

Release of
assets

- (2) The Registrar may release any assets under his possession and control that he considers advisable for the purposes of the corporation.

Report
to Minister

- 118b.—(1) Where the Registrar is of the opinion that the assets of a provincial corporation are not sufficient to meet its liabilities in respect of moneys received in trust or borrowed he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the corporation to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Registrar under subsection 1, the Minister may do one or both of the following,

(a) make the corporation's registry subject to such limitations or conditions as he considers appropriate;

(b) prescribe a time within which the corporation shall make good any deficiency of assets.

Subsequent
action

- (3) If the corporation fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension

SECTION 37. The new provisions enable the Registrar to take control of a provincial corporation, under certain conditions, to determine the degree of its financial difficulties and, if necessary, to manage it for rehabilitation purposes.

thereof subsequently given by the Minister, the Minister shall submit the report of the Registrar to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Registrar to take possession and control of the assets of the corporation and the Registrar shall deliver a copy of the order to an officer of the corporation.

- (4) For the purposes of this section, the Minister may ^{Appointment of appraisers} appoint such persons as he considers necessary to value and appraise the assets and liabilities of the corporation and report upon its condition and its ability, or otherwise, to meet its liabilities.

118c.—(1) If so ordered by the Lieutenant Governor in Council under section 118b, the Registrar shall take ^{Power of Registrar upon taking control} possession and control of the assets of a provincial corporation and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Registrar has all the powers of the board of directors of the corporation, and, without limiting the generality of the foregoing, the Registrar may,

- (a) exclude the directors, officers, servants and agents of the corporation from the premises, property and business of the corporation; and
- (b) carry on, manage and conduct the operations of the corporation and in the name of the the corporation preserve, maintain, realize, dispose of and add to the property of the corporation, receive the incomes and revenues of the corporation and exercise all the powers of the corporation.

- (2) While the Registrar has possession and control of ^{Application to court} the assets of a corporation under this section, the Minister may direct the Registrar to apply to the court for an order for the winding up of the corporation under Part VII of *The Corporation's Act*. R.S.O. 1960,
c. 71

- (3) Where the Registrar is in possession and control of ^{Appointment of managers} the assets of a corporation and is conducting its business, he may appoint one or more persons to manage and operate the business of the corporation, and,

- (a) each person so appointed is a representative of the Registrar; and

- (b) the remuneration of any such person, other than an employee of the office of the Registrar, shall be fixed by the Minister.

Relinquish-
ing control

- (4) Whenever the Minister believes that a corporation, the assets of which are in the possession and control of the Registrar, meets all the requirements of this Act and that it is otherwise proper for the corporation to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Where
rehabilitation
efforts futile

- (5) If the Minister, on the report of the Registrar, considers that further efforts to rehabilitate a corporation, the assets of which are in the possession and control of the Registrar, would be futile, he may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Expenses of
proceedings

- (6) The expenses of the Registrar incurred in rehabilitation proceedings under this section and sections 118*a* and 118*b* shall be paid,

(a) where the corporation that is the subject of the proceedings is a loan corporation, by all loan corporations; or

(b) where the corporation that is the subject of the proceedings is a trust company, by all trust companies,

and the share of each shall be in the same proportion as its total net income earned in Ontario in its last preceding fiscal year bears to the total net income earned in Ontario of all loan corporations or trust companies, as the case may be, in the last preceding fiscal year of each.

Advisory
committee

- (7) The corporations required to bear the said expenses of the Registrar may appoint a committee of not more than six members to advise the Registrar in

respect of all matters pertinent to the rehabilitation of the corporation whose assets are in the possession and control of the Registrar.

- 118*d*.—(1) Notwithstanding section 118*c*, a provincial corporation may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 118*b* within thirty days after the delivery of a copy of the order to an officer of the provincial corporation, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.
- (2) An order of the Lieutenant Governor in Council ^{Stay} under section 118*b* shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.
- (3) The Minister shall certify to the Registrar of the ^{Material on appeal} Supreme Court,
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Registrar to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Registrar, the Minister or the Lieutenant Governor in Council.
- (4) The Minister is entitled to be heard, by counsel or ^{Representation} otherwise, upon the argument of an appeal under this section.
- (5) Where an appeal is taken under this section, the ^{Order} judge may by order direct the Registrar to take such action as the judge considers proper or refrain from taking any action specified in the order and the Registrar shall act accordingly.
- (6) The order of the judge is final and there is no appeal ^{Further decision} therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section.

R.S.O. 1960,
c. 222,
s. 123,
subs. 1,
amended

38.—(1) Subsection 1 of section 123 of *The Loan and Trust Corporations Act* is amended by striking out “and loaning land corporations” in the fifth line, so that the subsection, exclusive of the paragraphs, shall read as follows:

What
admissible
to registry

- (1) Trust companies whose powers do not include that of buying and selling land as beneficial owner except as authorized by this Act and do not exceed the powers that are conferred upon trust companies under this Act, loan corporations that are solvent and fall within one of the following classes, may, upon due application, be admissible to registry:

R.S.O. 1960,
c. 222,
s. 123,
subs. 3,
re-enacted

(2) Subsection 3 of the said section 123 is repealed and the following substituted therefor:

Registry
on terms

- (3) Upon the application for registration of a corporation, other than a provincial corporation, the Registrar may recommend to the Minister that the corporation be admitted to registry on terms and conditions and the Minister, if he so approves, may direct that the corporation be admitted to registry on such terms and conditions as he prescribes.

R.S.O. 1960,
c. 122,
s. 128,
repealed

39. Section 128 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 133,
subs. 1,
amended

40. Subsection 1 of section 133 of *The Loan and Trust Corporations Act* is amended by striking out “or of a loaning land corporation” in the fourth and fifth lines, so that the subsection shall read as follows:

No
unregistered
corporation
to
undertake
business

- (1) No incorporated body or person acting in its behalf, other than a registered corporation and a person duly authorized by it to act in its behalf, shall undertake or transact in Ontario the business of a loan corporation or of a trust company.

R.S.O. 1960,
c. 222,
s. 137,
subs. 1,
re-enacted

41.—(1) Subsection 1 of section 137 of *The Loan and Trust Corporations Act*, as amended by section 3 of *The Loan and Trust Corporations Amendment Act, 1960-61*, subsections 1, 2 and 3 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965*, and subsection 1 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Mortgages

- (1) A registered loan corporation may purchase or invest in,

SECTION 38—Subsection 1. Complementary to section 1 of this Bill.

Subsection 2. The amendment requires approval and authorizes the imposition of conditions in respect of corporations incorporated outside Ontario and applying for registration.

SECTION 39. The provision repealed prohibits terminating shares to which all reference in the Act is deleted.

SECTION 40. Complementary to section 1 of this Bill.

SECTIONS 41, 42, 43 and 44. The investment provisions for loan and trust corporations are amended to bring them into accordance with the corresponding provisions applicable to federally incorporated loan and trust corporations.

- (a) ground rents, mortgages, charges or hypothecs ^{mortgages} upon improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount paid for the mortgage, charge or hypothec, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the purchase or investment is made, shall not exceed three-quarters of the value of the real estate or leasehold to which the mortgage, charge or hypothec relates;
- (b) mortgages, charges or hypothecs upon im- ^{N.H.A. mortgages}proved real estate or leaseholds in Canada, notwithstanding that the amount paid for the mortgage, charge or hypothec exceeds three-quarters of the value of the real estate or leasehold, if the loan for which the mortgage, charge or hypothec is security is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada); ^{1953-54 c. 23 (Can.)}
- (c) mortgages, charges or hypothecs on improved ^{insured mortgages}real estate or leaseholds in Canada or in any country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest if the excess is guaranteed or insured by or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada) or *The Insurance Act* or similar legislation of ^{R.S.C. 1952, cc. 31, 125}any province or territory of Canada; ^{R.S.O. 1960, c. 190}
- (d) mortgages or assignments of such life insur- ^{mortgages and assignments of life insurance policies}ance policies as have at the date of the purchase or investment an ascertained cash surrender value admitted by the insurer;

Government
bonds

- (e) the debentures, bonds, stock or other securities of or guaranteed by the Government of Canada or of or guaranteed by the government of any province of Canada, or of or guaranteed by the government of the United Kingdom, or of any of Her Majesty's dominions, colonies or dependencies, or of any state forming part of any such dominion, colony or dependency, or of or guaranteed by any foreign country or state forming part of such foreign country where the interest on the securities of such foreign country or state has been paid regularly for the previous ten years, or of any municipality or school corporation in Canada or elsewhere where the corporation is carrying on business, or guaranteed by any municipal corporation in Canada, or secured by rates or taxes levied under the authority of the government of any province of Canada on property situated in such province and collectable by the municipalities in which the property is situated;

bonds, etc.,
issued or
guaranteed
by the
Inter-
national
Bank, etc.

- (f) the bonds, debentures or other securities issued or guaranteed by,
- (i) the International Bank for Reconstruction and Development,
 - (ii) Inter-American Development Bank or by Asian Development Bank, or
 - (iii) the government of any country in which the corporation is carrying on business or a province or state thereof;

bonds
secured by
trust deed

- (g) the bonds, debentures, debenture stock, notes or other securities of any company that are secured by a mortgage or hypothec to a trust company either singly or jointly with another trustee upon improved real estate of such company or other assets of such company of the classes mentioned in clauses *a*, *b*, *c*, *d* and *e*;

federal
subsidy
bonds

- (h) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that the Government

of Canada has agreed to make, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity;

- (i) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that are payable, by virtue of an Act of a province of Canada, by or under the authority of the province, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity; provincial
subsidy
bonds
- (j) obligations or certificates issued by a trustee to finance, for a company incorporated in Canada or for a company owned or controlled by a company so incorporated, the purchase of transportation equipment to be used on railways or public highways, if the obligations or certificates are fully secured by, transporta-
tion
equipment
security
 - (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and
 - (ii) a lease or conditional sale thereof by the trustee to the company;
- (k) the bonds, debentures or other evidences of indebtedness of or guaranteed by, debentures
 - (i) any company if, at the date of investment, the preferred shares or the common shares of the company are authorized as investments by clause *l* or *m*, or
 - (ii) any company where the earnings of the company in a period of five years ending less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least $1\frac{1}{2}$ times the annual interest requirements at the date of investment on all indebtedness

of or guaranteed by it other than indebtedness classified as a current liability in the balance sheet of the company, and if the company at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another company, the earnings of the companies during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the companies shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the company; and for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

preferred
shares

(l) the preferred shares of a company where the company has paid,

(i) a dividend in each of the five years immediately preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

(ii) if the common shares of the company are, at the date of investment, authorized as investments by clause *m*;

common
shares

(m) the fully paid common shares of a company that during a period of five years that ended less than one year before the date of purchase or investment has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the company during the year

in which the dividend was paid or in which the company had earnings available for the payment of dividends, as the case may be;

- (n) real estate or leaseholds for the production of ^{real estate for the production of income} income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if,
- (i) a lease of the real estate or leasehold is made to, or guaranteed by,
 - (A) the government, or an agency of the government of the country in which the real estate or leasehold is situated, or of a province, state or municipality of that country, or
 - (B) a company, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *l* or *m*,
 - (ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested by the corporation in the real estate or leasehold within the period of the lease, but not exceeding thirty years from the date of investment, and
 - (iii) the total investment of the corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,
 - (iv) the book value of the investments of the corporation in real estate or leaseholds for the production of income under this clause and clause *o* do not exceed 10 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

other real
estate for
the
production
of income

- (o) real estate or leaseholds for the production of income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of a corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold; but the book value of the investments of the corporation in real estate or leaseholds for the production of income and subject to subclause iv of clause *n* shall not exceed 5 per cent of the book value of the total assets of the corporation;

guaranteed
investment
certificates
of trust
companies

- (p) guaranteed investment certificates of a trust company incorporated in Canada, if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *l* or *m*.

(2) Subsection 2 of the said section 137 is amended by striking out "or a registered loaning land corporation" in the fifth and sixth lines, so that the subsection shall read as follows: amended

- (2) In addition to investments it may make by lending on the security of or by purchasing mortgages, charges or hypothecs upon real estate pursuant to the *National Housing Act* (Canada) or the *National Housing Act, 1954* (Canada) or any amendments thereto, a registered loan corporation may invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Registrar in any other classes or types of investments pursuant to the said Acts, or any amendments thereto, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings.

(3) Subsection 3 of the said section 137, as amended by subsection 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 3 and 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965* and subsection 2 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

- (3) A registered loan corporation may lend money on the security of,
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value of the real estate or leasehold, if the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada);

- (d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

- (e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan and if also the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

Special
guaranteed
loans

1964-65
c. 24 (Can.)

R.S.C. 1952,
c. 110
1955
c. 46 (Can.)

- (4) If a registered loan corporation is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada), the corporation may make guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 122,
s. 138,
re-enacted

- 42.** Section 138 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

"Basket
clause"
for loan
corporations

138. A registered loan corporation may make investments and loans not authorized by section 137 and not prohibited by any other section, subject to the following provisions,

- (a) investments in real estate or leaseholds under this section shall be made only for the pro-

duction of income, and may be made by the corporation in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the corporation may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a corporation under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the corporation;

(b) the total book value of the investments and loans made under this section and held by the corporation, excluding those that are, or at any time since acquisition have been, authorized as investments apart from this section, shall not exceed the larger of,

- (i) 15 per cent of the corporation's unimpaired capital and reserve, or
- (ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the book value of the total assets of the corporation; and

(c) this section shall be deemed not to,

- (i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or
- (ii) affect the operation of clause *e* of subsection 3 of section 137 as to the amount that may be loaned on the security of the shares of any one company.

138a. Notwithstanding anything in section 137 or 142, a registered loan corporation may invest its funds in the fully paid shares of,

Power of loan corporations to invest in shares of certain companies

- (a) any company incorporated outside Canada to exercise the powers that a loan corporation incorporated in Ontario possesses;

- (b) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or to act as agent in the sale or purchase of real estate or leaseholds;
- (c) any company incorporated to offer public participation in an investment portfolio;
- (d) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services; or
- (e) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a loan corporation,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960,
c. 122,
s. 139,
re-enacted

43. Section 139 of *The Loan and Trust Corporations Act*, as amended by section 4 of *The Loan and Trust Corporations Amendment Act, 1960-61*, section 5 of *The Loan and Trust Corporations Amendment Act, 1961-62*, section 5 of *The Loan and Trust Corporations Amendment Act, 1965* and section 11 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Investments
by trust
companies

139.—(1) A registered trust company may invest its own funds and moneys received for guaranteed investment or as deposits in any of the investments mentioned in subsection 1 of section 137, except that at all times at least 50 per cent of moneys received for guaranteed investment or as deposits shall be invested in or loaned upon such securities only as are authorized for trustees by section 26 of *The Trustee Act*.

R.S.O. 1960,
c. 408

Restriction
on amounts
of
investment
in
real estate

(2) The total book value of the investments of a registered trust company in real estate or leaseholds for the production of income under clause *n* of subsection 1 of section 137, shall not exceed in the case of its own funds 10 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as deposits, 10 per cent of such moneys and under clause *o* of subsection 1 of section 137, shall not exceed in the case of its own funds 5 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as

deposits 5 per cent of such moneys or 25 per cent of the unimpaired capital and reserve of the company, whichever is the greater, but the total amount invested under clauses *n* and *o* shall not exceed the maximum amount provided in clause *n*; and the amount so invested in any one parcel of real estate or leaseholds for the production of income shall not exceed 2 per cent of the aggregate of the total assets of the corporation and the moneys received by it for guaranteed investment or as deposits.

- (3) In addition to investments it may make by lending on the security of or by purchasing mortgages, charges or hypothecs upon real estate under the *National Housing Act, 1954* (Canada) or any predecessor thereof, a registered trust company may invest its own funds to an aggregate amount not exceeding 5 per cent of its unimpaired capital and reserve and may, notwithstanding subsection 1, invest moneys received for guaranteed investment or as deposits to an aggregate amount not exceeding 5 per cent of such moneys in any other classes or types of investments pursuant to the said Act, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings. Investments in national housing 1953-54 c. 23 (Can.)
- (4) Subject to subsection 1, a registered trust company may lend its own funds and moneys received for guaranteed investment or as deposits on the security of, Loans by registered trust companies
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1 of section 137;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan, shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value

of the real estate or leasehold, where the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada);

1953-54
c. 23 (Can.)

- (d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the company is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the company is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

R.S.C. 1952,
cc. 31, 125
R.S.O. 1960,
c. 190

- (e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1 of section 137, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan, and if the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

Loans by
trust
companies

1964-65
c. 24 (Can.)

R.S.C. 1952,
c. 110
1955, c. 46
(Can.)

- (5) If a registered trust company is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada), it may lend its own funds and moneys received for guaranteed investment or as deposits, in guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 222,
s. 140,
re-enacted

44. Section 140 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

140. A registered trust company may, with respect to its own funds and with respect to moneys received for guaranteed investment or as deposits, make investments and loans not authorized by section 139, subject to the following provisions,

- (a) investments in real estate or leaseholds under this section shall be made only for the production of income, and may be made by the company in Canada or in any country in which the company is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the company may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a company under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits;
- (b) the total book value of the investments and loans made under this section and held by the company, excluding those that are or at any time since acquisition have been authorized as investments apart from this section, shall not exceed the larger of,
 - (i) 15 per cent of the company's unimpaired capital and reserve, or
 - (ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits; and
- (c) this section shall be deemed not to,
 - (i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or

- (ii) affect the operation of subsections 1 and 2 of section 139 or the operation of clause *e* of subsection 4 of section 139 as to the amount which may be loaned on the security of the shares of any one company.

Power of registered trust companies to invest in shares of certain companies

140a. Notwithstanding anything in section 139 or 142, a registered trust company may invest its own funds in the fully paid shares of,

- (a) any company incorporated outside Canada to exercise the powers set forth in section 77;
- (b) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or act as agent in the sale or purchase of real estate or leaseholds;
- (c) any company incorporated to offer public participation in an investment portfolio;
- (d) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services;
- (e) a loan corporation within the meaning of this Act; or
- (f) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a trust company,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960, c. 222, s. 144, subs. 2, re-enacted

45. Subsection 2 of section 144 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Limitation of time for holding

- (2) The corporation shall, subject to section 145, sell any real estate acquired by it under a mortgage, charge or hypothecation, or in satisfaction of a debt, within twelve years after it has been so acquired, otherwise it may be forfeited to Her Majesty for the use of Ontario, but no such forfeiture shall be enforced until the expiration of six calendar months after notice in writing to the corporation of the intention of Her Majesty to claim such forfeiture.

SECTION 45. Complementary to section 1 of this Bill.

SECTION 46. Self-explanatory.

SECTION 47. The amendment brings the reference to funds into accord with the terminology used elsewhere in the Act.

SECTION 48. The amendment extends the prohibition against loans to directors and auditors to other classes of insiders. The amendment also requires Ontario loan and trust corporations carrying on business outside Canada to retain in Canada assets at least equal to their liabilities in Canada and provide for bonding, etc.

46. Section 145 of *The Loan and Trust Corporations Act* is amended by adding thereto the following subsection: R.S.O. 1960,
c. 222,
s. 145,
amended

- (2) The corporation may acquire, hold, sell or dispose of real estate acquired in connection with the relocation by the corporation of the place of employment of an employee, if the real estate serves as the residence of the employee immediately after the relocation or served as the residence of the employee immediately before the relocation but the real estate shall not be allowed as an asset of the corporation in the annual report prepared by the Registrar for the Minister if it is held for more than two years following its acquisition. Power to
hold real
estate on
relocation
of employee

47. Section 147 of *The Loan and Trust Corporations Act* is amended by striking out "paid up capital and reserve funds" in the fourth and fifth lines and inserting in lieu thereof "unimpaired paid up capital, surplus and reserves", so that the section shall read as follows: R.S.O. 1960,
c. 222,
s. 147,
amended

147. A provincial corporation shall not make or undertake any investment under section 145 or 146 that will cause the total amount at which such investments are carried on its books to exceed 35 per cent of its unimpaired paid up capital, surplus and reserves. Limit of
amount of
investments
in buildings

48. Section 148 of *The Loan and Trust Corporations Act*, as re-enacted by section 14 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 148,
(1966,
c. 81, s. 14),
re-enacted

- 148.—(1) A corporation shall not knowingly make an investment, Prohibited
investments

(a) by way of a loan to,

(i) a director or officer of the corporation or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the corporation;

(b) in a company that is a substantial shareholder of the corporation; or

(c) in a company in which,

- (i) an individual mentioned in subclause i of clause *a*,
- (ii) an individual who is a substantial shareholder of the corporation,
- (iii) another corporation that is a substantial shareholder of the corporation, or
- (iv) a group consisting exclusively of individuals mentioned in subclause i of clause *a*,

has a significant interest.

Disposition

- (2) The corporation shall not knowingly retain an investment mentioned in subsection 1.

Inter-pretation

- (3) For the purpose of this section,

significant interest

- (a) a person has a significant interest in a company, or a group of persons has a significant interest in a company, if,
 - (i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or
 - (ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the company for the time being outstanding;

substantial shareholder

- (b) a person is a substantial shareholder of a corporation, or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting

rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

- (c) "equity share" means a share of any class to ^{equity share} which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;
- (d) "investment" means, investment
- (i) an investment in a company by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or
 - (ii) a loan to a person or persons, but does not include an advance or loan, whether secured or unsecured, that is made by a corporation to a company and that is merely ancillary to the main business of the corporation;
- (e) "officer" means the president, vice-president, manager, secretary, assistant secretary, comptroller, treasurer and assistant treasurer of a corporation and any other person designated as an officer of the corporation by by-law or by resolution of the directors thereof.
- (4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, shares of a company, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other company that is owned beneficially, directly or indirectly, by the first-mentioned company, that is equal to the proportion of the shares of the first-mentioned company that is owned beneficially, directly or indirectly, by that person or group of persons. "Down-stream" investment
- (5) Notwithstanding subsection 4, a corporation is not Exception prohibited from making an investment in a company only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to

own beneficially, equity shares of the corporation is by reason thereof deemed to own beneficially equity shares of the company.

Exemption

- (6) Where any person or group of persons is a substantial shareholder of a corporation and, as a consequence thereof and of the application of this section, certain investments are prohibited for the corporation, the Minister may, on the advice of the Registrar, and on application by the corporation, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,
 - (a) that the decision of the corporation to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the corporation; and
 - (b) that the investment is to be made under the power granted to the corporation by sections 137, 138, 139 and 140.

Idem

- (7) Any exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Assets in
Canada

- 148a.—(1) A provincial corporation shall at all times retain in Canada assets at least equal to its liabilities incurred in Canada and to the moneys for which it is accountable as a trustee in Canada.

Safekeeping

- (2) The custody of securities registered in the name of or held by a provincial corporation is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the corporation, as the Lieutenant Governor in Council may prescribe.

R.S.O. 1960,
c. 222,
s. 150,
re-enacted

49. Section 150 of *The Loan and Trust Corporations Act*, as amended by section 7 of *The Loan and Trust Corporations Amendment Act, 1965* and section 15 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

SECTIONS 49 and 50. These amendments clarify the obligation of trust companies to make returns to the Registrar.

- 150.—(1) Every trust company receiving deposits or ^{Annual return} receiving funds for guaranteed investment shall make a return to the Registrar on or before the 31st day of January in each year drawn in accordance with the form prescribed by the Registrar, showing the amount of the funds and showing all securities, including loans on securities and cash, and money on deposit ear-marked and set aside as provided in subsection 2 of section 80 and subsection 3 of section 82 as such amounts stood on the 31st day of December next preceding, and stating that they were on such date so ear-marked and set aside.
- (2) Every trust company shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as at the last day of June and of December in each year showing the changes in investments and loans of the company during the preceding half-year.
- (3) Every trust company shall prepare a statement in ^{Quarterly statement} the form prescribed by the Registrar as at the last day of March, June, September and December in each year showing the amount of cash and securities required to be maintained under section 84 and the amount of deposits and of funds received for guaranteed investment coming due in less than 100 days.
- (4) The statements mentioned in subsections 2 and 3 ^{Verification of statements} shall be verified by a certificate of a responsible officer of the trust company and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

50. Section 151 of *The Loan and Trust Corporations Act*, ^{R.S.O. 1960, c. 222,} as re-enacted by section 16 of *The Loan and Trust Corporations Amendment Act, 1966*, ^{s. 151 (1966,} is amended by adding thereto ^{c. 81, s. 16),} the following subsections: ^{amended}

- (2) Every loan corporation shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as of the last day of June and of December in each year showing the changes in investments and loans of the corporation during the preceding half-year.
- (3) The statements mentioned in subsections 1 and 2 ^{Verification} shall be verified by a certificate of a responsible officer of the loan corporation and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

Commence-
ment

51. This Act comes into force on the day it receives Royal Assent.

Short
title

52. This Act may be cited as *The Loan and Trust Corporations Amendment Act, 1970*. (No. 2)

An Act to amend
The Loan and Trust Corporations Act

1st Reading

November 3rd, 1970

2nd Reading

3rd Reading

MR. LAWRENCE (Carleton East)

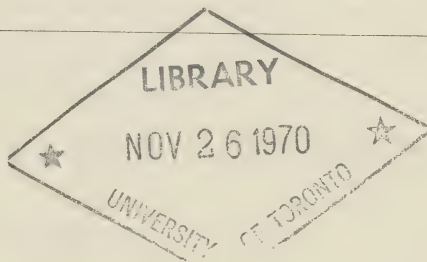
BILL 221

Government
Publications

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Loan and Trust Corporations Act

MR. LAWRENCE (Carleton East)



(Reprinted as amended by the Legal and Municipal Committee)

TORONTO

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EXPLANATORY NOTES

SECTION 1. The definitions are amended to exclude special reference to loaning land corporations which are included in the expanded definition of loan corporation. The repeal of clauses *l* and *m* is complementary to section 4 of this Bill.

BILL 221

1970

An Act to amend The Loan and Trust Corporations Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Clause *a* of section 1 of *The Loan and Trust Corporations Act*, as re-enacted by section 1 of *The Loan and Trust Corporations Amendment Act, 1967*, is amended by adding at the end thereof “and includes a partnership of which the members are accountants”, so that the clause shall read as follows:

R.S.O. 1960,
c. 222, s. 1,
cl. *a* (1967,
c. 49, s. 1),
amended

- (a) “accountant” means a person who is a member of The Canadian Institute of Chartered Accountants or any other person who is an accountant and who, in either case, is acceptable to the Registrar as being competent to audit the accounts and transactions of corporations under this Act, and includes a partnership of which the members are accountants.

(2) Clause *c* of the said section 1 is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222, s. 1,
cl. *c*,
re-enacted

- (c) “corporation” means a loan corporation or a trust company.

(3) Clauses *h* and *i* of the said section 1 are repealed and the following substituted therefor:

R.S.O. 1960,
c. 222, s. 1,
cl. *h*,
re-enacted;
cl. *i*,
repealed

- (h) “loan corporation” means an incorporated company, association or society, constituted, authorized or operated for the purpose of lending money on the security of real estate or investing money in mortgages, charges or hypothecs upon real estate or for those and any other purposes, but does not include a chartered bank, an insurance corporation, a trust company, or an investment company registered under *The Investment Contracts Act*.

R.S.O. 1960,
c. 194

R.S.O. 1960,
c. 222, s. 1,
cls. *l*, *m*,
repealed

(4) Clauses *l* and *m* of the said section 1 are repealed.

R.S.O. 1960,
c. 222, s. 1,
amended

(5) The said section 1 is amended by adding thereto the following clause:

(na) "provincial trust company" means a trust company that is a provincial corporation.

R.S.O. 1960,
c. 222, s. 3,
subs. 1,
amended

2. Subsection 1 of section 3 of *The Loan and Trust Corporations Act* is amended by striking out "a loaning land corporation" in the second line, so that the subsection shall read as follows:

Application
for
incorpora-
tion

(1) An application for the incorporation of a loan corporation or a trust company shall be made by petition to the Lieutenant Governor in Council through the Minister in the prescribed form, and shall be delivered to the Registrar.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *c*,
re-enacted

3.—(1) Clause *c* of subsection 2 of section 4 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

(c) state the capital of the corporation, the classes, if any, into which it is to be divided, the number of shares of each class and the par value of each share, and where more than one class of shares is provided for, one class shall be common shares designated as such, and the other class or classes shall be preference shares designated as such;

(ca) in the case of preference shares, provide for the preferences, rights, conditions, restrictions, limitations or prohibitions attaching thereto including, without limiting the nature thereof, the right of the corporation to purchase for cancellation or at its option to redeem all or part of the preference shares of any class, or provide for conditions, restrictions, limitations or prohibitions on the right to vote.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *d*,
amended

(2) Clause *d* of subsection 2 of the said section 4 is amended by striking out "or a loaning land" in the first line and by striking out "and loaning land corporations" in the fourth and fifth lines, so that the clause shall read as follows:

(d) in the case of a loan corporation, define and regulate the exercise of such general powers of borrowing as are by this Act conferred upon loan corporations, and declare within what limits such borrowing powers are to be exercised, and whether by issuing debentures or otherwise.

SECTION 2. Complementary to section 1 of this Bill.

SECTION 3—Subsection 1. The amendment requires the classes of hares and conditions and preferences to be set out in the by-laws.

Subsection 2. Complementary to section 1 of this Bill.

Subsection 3. The terms "ordinary", "special", etc., applied to meetings are simplified by reference to general meetings, of which one type is an annual meeting.

Subsection 4. The provision repealed is re-enacted by section 4 of this Bill.

SECTION 4. The amendment repeals provisions pertaining to permanent stock and the issue of shares not fully paid up and makes direct statutory provision for some matters formerly done by by-law under section 4 (2) of the Act.

SECTION 5. The amendment requires the winding up of a corporation if its registration lapses for two years, in addition to the case where it does not exercise its corporate powers.

SECTION 6. Complementary to section 1 of this Bill.

SECTION 7. The amendment would permit loan corporations, with the consent of the Lieutenant Governor in Council, to engage in agency business.

(3) Clause *e* of subsection 2 of the said section 4 is amended by striking out "ordinary and special" in the first and second lines, so that the clause shall read as follows: R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *e*,
amended

(*e*) provide for the holding of general meetings of the shareholders.

(4) Subsection 2 of the said section 4 is amended by inserting "and" at the end of clause *g*, by striking out "and" at the end of clause *h* and by striking out clause *i*. R.S.O. 1960,
c. 222, s. 4,
subs. 2,
amended

4. Section 9 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 9,
re-enacted

9.—(1) No share shall be issued on or after the 30th day of June, 1970, until it is fully paid and a share is not fully paid until all consideration therefor has been received by the corporation. Fully paid
shares

(2) No shares of any class shall be issued at a discount or upon any terms, agreement or understanding that the holder thereof is liable for any lesser amount than the par value thereof. No issue
of shares
at discount

(3) No transfer of shares shall be made that has the effect of reducing the number of shareholders to less than twenty-five. No transfer
to reduce
number of
shareholders
to less
than 25

5. Subsection 1 of section 13 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 13,
subs. 1,
re-enacted

(1) If a corporation does not go into actual *bona fide* operation and becomes registered under this Act within two years after incorporation or if it does not use its corporate powers for the purposes set forth in its letters patent, the Act or instrument of incorporation, or is not registered under this Act during a period of two consecutive years, its corporate powers, except so far as is necessary for winding up the corporation, shall thereupon cease and determine. Termination
of
corporate
powers
where
non-user

6. Section 14 of *The Loan and Trust Corporations Act* is repealed. R.S.O. 1960,
c. 222, s. 14,
repealed

7. Section 18 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 18,
re-enacted

18.—(1) A loan corporation may apply by petition to the Lieutenant Governor in Council for an order Application
by loan
corporation
for power to
act as agent

authorizing the corporation to act generally as agent for the transaction of business, the collection of loans, rents, interest, dividends, mortgages and other securities for money, as a depository for the safe-keeping of securities and personal property and to carry on the business of a mortgage or real estate broker.

Application
authorized
by resolution

- (2) An application under subsection 1 shall be authorized by a resolution of the directors.

Amendment
of
registration

- (3) Upon the making of an order under subsection 1, the Registrar shall amend the registration of the corporation kept under clause *a* of subsection 1 of section 111 and subsection 1 of section 121.

R.S.O. 1960,
ss. 20-23,
re-enacted

8. Sections 20, 21, 22 and 23 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Annual
meeting

- 20.—(1) A corporation shall hold an annual meeting of shareholders at the head office of the corporation or elsewhere in Ontario at least once in each year for the purposes of considering the financial statement of the corporation required to be laid before the meeting by section 69, the election of directors, the appointment of auditors and the transaction of such other business as is permitted or required by law or by the by-laws of the corporation.

Notice

- (2) Notice of the time and place of the annual meeting shall be given to each person who on the record date for notice appears on the records of the corporation as a shareholder by delivering or sending the notice by mail to his latest address as shown on the records of the corporation at least ten days before the date of the meeting.

General
meetings

- 21.—(1) The directors of a corporation may at any time by resolution call a general meeting of the shareholders for the transaction of any business specified in the resolution.

Requisition
by
shareholders

- (2) Shareholders holding not less than 10 per cent of the issued shares of a corporation carrying the right to vote at the meeting may request the directors to call a general meeting of the shareholders for any purpose that is connected with the affairs of the corporation and that is not inconsistent with this Act.

SECTION 8. The amendment specifies the place of the annual meeting and updates the provisions for notice and the requisitioning of shareholders' meetings.

- (3) The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office of the corporation, and may consist of several documents in like form signed by one or more requisitionists. ^{Form of requisition}
- (4) Upon deposit of the requisition, the directors shall call forthwith a general meeting of the shareholders for the transaction of the business stated in the requisition. ^{Directors to call general meeting}
- (5) Notice of any general meeting of the shareholders shall be given in the manner provided in subsection 2 of section 20. ^{Notice}
- (6) No business other than that specified in the notice thereof shall be transacted at a general meeting unless all the shareholders are present in person or are represented by proxy and unanimously consent thereto. ^{Other business}
22. Every director or officer of a corporation wilfully neglecting or omitting to give or cause to be given the notice for any general meeting required by section 21 is guilty of an offence. ^{Offence}
- 23.—(1) The by-laws may provide for the fixing in advance of a date as the record date, ^{Record dates}
- (a) for the determination of the shareholders entitled to notice of meetings of the shareholders, which record date for notice shall not be more than fifty days before the date of the meeting and not fewer than the minimum number of days for notice of the meeting and where no such record date for notice is fixed by by-law, the record date for notice shall be at the close of business on the day next preceding the day on which notice is given or sent; and
 - (b) for the determination of the shareholders entitled to vote at meetings of the shareholders, which record date for voting shall be not more than forty-eight hours, excluding Saturdays and holidays, before the date of the meeting and, where no such record date for voting is fixed by by-law, the record date for voting shall be at the time of the taking of the vote.

Voting
rights

23a. The holder of each common share and, subject to clause *ca* of subsection 2 of section 4, the holder of each preference share who, on the record date for voting appears on the records of the corporation as a shareholder is entitled to one vote for each share held by him, upon which he is not in arrear in respect of any call, at all meetings of shareholders of the corporation.

R.S.O. 1960,
c. 222, s. 25,
amended

9. Section 25 of *The Loan and Trust Corporations Act* is amended by striking out "annual and special" in the first line, so that the subsection shall read as follows:

Minute
Book

25. The transactions of all general meetings of the corporation and of all meetings of the board of directors shall be entered in a book known as the "Minute Book" of the corporation.

R.S.O. 1960,
c. 222, s. 34,
subss. 3, 4,
re-enacted

10. Subsections 3 and 4 of section 34 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Retirement
age

(3) On and after the 1st day of January, 1972, no person is qualified for appointment or election as a director if he has attained the age of seventy-five years.

Majority
to be
Canadian
citizens and
residents

(4) The majority of the directors shall at all times be Canadian citizens ordinarily resident in Canada.

New election
to fill
director-
ships in
such case

(4a) Where more than the permitted number of non-residents and aliens are elected, a new election shall be held forthwith to fill all the directorships to which non-residents or aliens have been elected, and so on until the number of non-residents and aliens elected is reduced to or below the permitted number.

R.S.O. 1960,
c. 222, s. 49
(1961-62,
c. 74, s. 2),
amended

11. Section 49 of *The Loan and Trust Corporations Act*, as re-enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1961-62*, is amended by striking out "stock" in the first line, so that the section shall read as follows:

Par value
of shares

49. The par value of a share of capital shall be \$1 or any multiple thereof not exceeding \$100.

R.S.O. 1960,
c. 222, s. 58,
re-enacted

12. Section 58 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1968-69*, is repealed and the following substituted therefor:

Increase or
decrease of
capital

58.—(1) The directors of a corporation may by by-law provide for the increase or decrease of its capital.

SECTION 9. Complementary to section 3 (3) of this Bill.

SECTION 10. A maximum age of 75 years is fixed for directors and the requirement that a majority be British subjects is changed to Canadian citizens.

SECTION 11. The reference to "stock" is deleted to update the terminology.

SECTION 12. The purpose of the amendment is to define more exactly the procedures necessary for increasing or decreasing the capital of a corporation.

- (2) The by-law shall state the number, class and par value of the shares by which the capital is so increased or decreased. Contents of by-law
- (3) The directors may by by-law provide upon terms therein stated for the conversion of partly paid up shares into paid up shares or for subdividing shares or altering the par value of shares. Conversion of partly paid up shares
- (4) The liability of shareholders to persons who, at the time the capital is increased or decreased or shares are converted or altered, are creditors of the corporation remains as though the capital had not been increased or decreased or the shares had not been converted or altered. Rights of creditors preserved
- (5) Where a by-law under this section would have the effect of increasing or decreasing the capital of a corporation or altering the liability of any shareholder thereof, a copy of the proposed by-law shall be delivered to the Registrar and no such by-law shall be passed for at least one month thereafter. Copy to Registrar
- (6) No by-law under this section has any force or effect until it has been submitted to a general meeting of the shareholders of the corporation duly called for that purpose at which the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and is confirmed thereat, with or without variation, by a resolution passed by the affirmative votes of the holders of at least two-thirds of the shares represented at the meeting, and has thereafter been confirmed by order of the Lieutenant Governor in Council. Confirmation of by-law by shareholders and by order in council
- (7) Notice of such general meeting of the shareholders shall be given as provided in subsection 2 of section 20 and such additional notice as the Registrar may direct. Notice to shareholders
- (8) The Lieutenant Governor in Council may grant this confirmation, required by subsection 6, if he is satisfied of the *bona fide* character of the changes provided for in the by-law, unless it appears that the confirmation of the by-law would not be in the public interest. When confirmation may be granted
- (9) With the consent of the corporation, evidenced by a resolution of the directors, the changes provided for Varying by-law on confirmation

in any by-law under this section may be varied or amended by the confirming order in council, and may be made subject to such conditions as the Lieutenant Governor in Council considers proper.

Evidence
of con-
firmation

- (10) A copy of the order in council confirming a by-law under this section, certified by the Clerk of the Executive Council shall be received in evidence as *prima facie* proof of the confirmation.

Effective
date of
by-law

- (11) A by-law under this section becomes effective on the date specified in the confirming order in council.

R.S.O. 1960,
c. 222, s. 61,
repealed

13. Section 61 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222, s. 62,
amended

14. Section 62 of *The Loan and Trust Corporations Act* is amended by striking out "and subsections 5 to 8 of section 59 apply to the books prescribed by section 61" in the second and third lines, so that the section shall read as follows:

Application
of s. 59,
subss. 6-8

62. Subsections 6 to 8 of section 59 apply to the registers prescribed by section 60.

R.S.O. 1960,
c. 222,
ss. 66-69,
re-enacted

15. Sections 66, 67, 68 and 69 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Auditors

- 66.—(1) The shareholders of a corporation at their first general meeting shall appoint one or more auditors to hold office until the close of the first annual meeting and, if the shareholders fail to do so, the directors shall forthwith make such appointment or appointments.

Appointment
annually

- (2) The shareholders shall at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting and, if an appointment is not so made, the auditor in office continues in the office until a successor is appointed.

Casual
vacancy

- (3) The directors may fill any casual vacancy in the office of auditor, but, while such vacancy continues, the surviving or continuing auditor, if any, may act.

Removal
of auditor

- (4) The shareholders may, by resolution passed by a majority of the votes cast at a general meeting duly called for the purpose, remove an auditor before the expiration of his term of office, and shall by a majority

SECTION 13. The section repealed provides for recording of the holders of terminating shares. The section is repealed because loan corporations no longer have terminating shares.

SECTION 14. Complementary to section 13 of this Bill.

SECTIONS 15 and 16. The purpose of the amendment is to ensure the independence of auditors and to provide for an audit committee and is similar to the corresponding provisions in *The Business Corporations Act, 1970*.

of the votes cast at that meeting appoint another auditor in his stead for the remainder of his term.

- (5) Before calling a general meeting for the purpose specified in subsection 4, the corporation shall, fifteen days or more before the mailing of the notice of the meeting, give to the auditor, ^{Notice to auditor}
 - (a) written notice of the intention to call the meeting, specifying therein the date on which the notice of the meeting is proposed to be mailed; and
 - (b) a copy of all material proposed to be sent to shareholders in connection with the meeting.
- (6) The auditor has the right to make to the corporation, ^{Right of auditor to make representations} three days or more before the mailing of the notice of the meeting, representations in writing concerning his proposed removal as auditor, and the corporation, at its expense, shall forward with the notice of the meeting a copy of such representations to each shareholder entitled to receive notice of the meeting.
- (7) The remuneration of an auditor appointed by the shareholders shall be fixed by the shareholders, or by the directors if they are authorized so to do by the shareholders, and the remuneration of an auditor appointed by the directors shall be fixed by the directors. ^{Remuneration}
- (8) If for any reason no auditor is appointed, the Registrar may appoint one or more auditors to hold office until the close of the next annual meeting and fix the remuneration to be paid by the corporation for his or their services. ^{Appointment by Registrar}
- (9) The corporation shall give notice in writing to an auditor of his appointment forthwith after the appointment is made. ^{Notice of appointment}
- (10) A person, other than an incumbent auditor, may not be appointed auditor at an annual meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the corporation not less than fifteen days before the meeting at which the auditor is to be appointed and where such notice is given the corporation shall send a copy of the notice to the incumbent auditor and ^{Notice to auditor of proposal to appoint another}

to the person whom it is intended to nominate and shall give notice thereof to the shareholders in the manner specified in section 20.

Right of
incumbent
auditor to
make rep-
resentations

- (11) The incumbent auditor has the right to make to the corporation, three days or more before the mailing of the notice of the meeting, representations in writing concerning the proposal not to reappoint him as auditor, and the corporation, at its expense, shall forward with the notice of the meeting, a copy of such representations to each shareholder entitled to receive notice of the meeting.

Inter-
pretation

67.—(1) In this section, “related person” means,

- (a) any spouse, son or daughter of that person;
- (b) any relative of such person or of his spouse, other than a relative referred to in clause *a*, who has the same home as such person; or
- (c) any body corporate of which such person and any of the persons referred to in clause *a* or *b* or the partner or employer of such person, either alone or in combination, beneficially owns, directly or indirectly, equity shares carrying more than 50 per cent of the voting rights attached to all equity shares of the body corporate for the time being outstanding.

Who may
be auditor

- (2) An auditor of a registered corporation shall be an accountant.

Persons
disqualified
as auditors

- (3) No person shall be appointed auditor of a registered corporation if he or any member of his firm is a shareholder, director, officer or employee of such corporation, or of any company in which such corporation has invested its funds under section 138*a* or 140*a*.

Auditor
appoint-
ment

- (4) A registered corporation shall, where possible, cause its auditor or one of its auditors to be appointed auditor of any company in which such corporation has invested its funds under section 138*a* or 140*a* and where such appointment is not possible the corporation shall inform the Registrar of the circumstances that prevent such appointment.

Applica-
tion of
subs. 3

- (5) Subsection 3 does not apply to a person, partner, employer or related person who is not empowered to

decide whether securities of the registered corporation or its holding company, as the case may be, are to be beneficially owned, directly or indirectly, by him, or if he is not entitled to vote in respect thereof.

- (6) Where, on the date this section comes into force, an auditor or his partner, employer or related person owns securities as set out in subsection 3, notwithstanding subsection 3, he may for a period of two years from the date this section comes into force continue to act as auditor if he discloses in the report required under subsection 2 of section 68 that he or his partner, employer or related person so owns such securities but, at the expiration of such period he shall cease to act as auditor unless he or his partner, employer or related person, as the case may be, has disposed of such securities. ^{Idem}
- (7) No person shall be appointed a receiver or a receiver and manager or liquidator of any registered corporation of which he or a related person is the auditor or has been auditor within the two years preceding his appointment as receiver or receiver and manager or liquidator. ^{Auditors not to be appointed receivers, etc.}
- (8) No person who is appointed a trustee of the estate of a registered corporation under the *Bankruptcy Act* (Canada) or a related person shall be appointed or act as auditor of the registered corporation. ^{Trustee in bankruptcy not to be appointed auditor R.S.C. 1952, c. 14}
- 68.—(1) The auditor shall make such examination as will enable him to make the reports required under subsection 2. ^{Auditor's examination}
- (2) The auditor of a registered corporation shall make reports, ^{Auditor's reports}
- (a) to the shareholders on the financial statement of the corporation referred to in sections 20 and 69; and
 - (b) to the Registrar on the annual statement filed with the Registrar under section 152.
- (3) In the reports required by subsection 2, the auditor shall state, ^{Idem}
- (a) whether he has obtained all the information and explanations he has required;

(b) whether in the opinion of the auditor the financial statement presents fairly the financial position of the corporation as at the date of the balance sheet included therein and the results of the operations of the corporation for the financial period ended on that date; and

(c) whether the financial statements are in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, if any,

in accordance with the information he has obtained and the explanations given to him and as shown by the books of the corporation.

Qualified
report

(4) When the opinion expressed in a statement under subsection 2 is not an unqualified opinion, the auditor shall state in his report the reasons therefor.

Facts
discovered
after
statement

(5) Where facts come to the attention of the officers or directors which, if known prior to the date of the last annual general meeting of shareholders, would have required a material adjustment to the financial statement presented to such meetings, the officers or directors shall communicate such facts to the auditor who reported to the shareholders under this section and the directors shall forthwith amend the financial statement and send it to the auditor.

Amendment
of auditor's
report

(6) On the receipt of facts furnished under subsection 5 or from any other source, the auditor shall, if in his opinion it is necessary, amend his report in respect of the financial statement in accordance with subsection 4 and the directors or, if they fail to do so within a reasonable time, the auditor shall mail such amended report to the shareholders.

Auditor's
statement

(7) The auditor in his reports shall make such statements as he considers necessary,

(a) if the corporation's financial statement or annual statement is not in agreement with its accounting records;

(b) if the corporation's financial statement or annual statement is not in accordance with

any requirements of this Act or as prescribed by the Registrar; or

(c) if proper accounting records have not been kept so far as appears from his examination.

- (8) The auditor of a corporation has right of access at all times to all records, documents, accounts and vouchers of the corporation and is entitled to require from the directors, officers and employees of the corporation such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2. Right of access, etc.
- (9) The auditor of a corporation has right of access at all times to all records, documents, accounts and vouchers of all subsidiaries of the corporation and is entitled to require from the directors, officers and employees of each such subsidiary such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2. Idem
- (10) Where a subsidiary of the corporation is a body corporate to which this Act does not apply, the holding corporation shall make available to its auditor the records, documents, accounts and vouchers of that subsidiary, and shall require the directors, officers and employees of that subsidiary to make available to its auditor the information and explanations required by subsection 8. Idem
- (11) The auditor of a corporation is entitled to attend any meeting of the shareholders of the corporation, to receive all notices and other communications relating to any such meeting that a shareholder is entitled to receive and to be heard at any such meeting that he attends on any part of the business that concerns him as auditor. Auditor's right to attend meetings
- (12) Any shareholder of a corporation, whether or not he is entitled to vote at meetings of shareholders, may, by notice in writing to the corporation given five days or more before any meeting of shareholders, require the attendance of the auditor at such meeting at the corporation's expense, and in such event the auditor shall attend the meeting. Shareholder may require auditor's attendance at shareholders meetings
- (13) At any meeting of shareholders the auditor, if present, shall answer inquiries directed to him concerning the Auditor may attend shareholders meetings

basis upon which he formed the opinion stated in the report made under subsection 2.

Registrar
may
enlarge
scope

- (14) The Registrar may direct that the scope of the annual audit of a corporation be enlarged or extended and may appoint for such purpose an accountant as an auditor of the corporation and the expenses incurred by reason of such appointment are payable by the corporation.

Annual
financial
statement

- 69.—(1) The directors shall lay before each annual meeting of shareholders,

- (a) a financial statement for the period that commenced on the date of incorporation and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, that commenced immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, as the case may be, made up of,

- (i) a statement of profit and loss for such period,
- (ii) a statement of retained earnings, or surplus for such period,
- (iii) a statement of general reserve,
- (iv) a statement of accumulated reserves for investments,
- (v) a balance sheet as at the end of such period,

and if the Registrar so directs, showing in each case the corresponding figures for the last preceding financial period of the corporation;

- (b) the report of the auditor to the shareholders;

- (c) such further information respecting the financial position of the corporation, as its letters patent, supplementary letters patent, or by-laws, require.

Form

- (2) The Lieutenant Governor in Council may make regulations prescribing the form and content of the financial statement required under subsection 1.

- (3) The report of the auditor to the shareholders shall be read at the annual meeting and shall be open to inspection at the meeting by any shareholder. Auditor's report to be read
- (4) The financial statement shall be approved by the board of directors and the approval shall be evidenced by the signature at the foot of the balance sheet by two of the directors duly authorized to sign and the auditor's report shall be attached to or accompany the financial statement. Approval by directors
- (5) A corporation shall, at least ten days before the date of the annual meeting of the shareholders, send by prepaid mail to each shareholder entitled to notice of the meeting at his latest address shown on the records of the corporation a copy of the financial statement and a copy of the auditor's report. Copy to shareholders
- (6) A copy of the financial statement and auditor's report shall be mailed or delivered without charge to any holder of a debenture or guaranteed investment certificate of the corporation or to any depositor of the corporation who requests the same. Copy to debenture holders

16. Section 70 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 70, re-enacted

- 70. Sections 71 to 76 apply to every loan corporation incorporated under the law of Ontario or having its head office in Ontario and also to every loan corporation borrowing in Ontario by taking deposits or issuing debentures or like obligations. Application of ss. 71-76

70a.—(1) The directors of a corporation shall elect annually from among their number a committee to be known as the audit committee to be composed of not fewer than three directors, of whom the majority shall not be officers or employees of the corporation or an affiliate of the corporation, to hold office until the next annual meeting of the shareholders. Audit committee

- (2) The members of the audit committee shall elect a chairman from among their number. Chairman
- (3) The corporation shall submit the financial statement to the audit committee for its review and the financial statement shall thereafter be submitted to the board of directors. Review

Hearing of
auditor

- (4) The auditor has the right to appear before and be heard at any meeting of the audit committee and shall appear before the audit committee when required to do so by the committee.

Idem

- (5) Upon the request of the auditor, the chairman of the audit committee shall convene a meeting of the committee to consider any matter the auditor believes should be brought to the attention of the directors or shareholders.

R.S.O. 1960,
c. 222, s. 71,
re-enacted

17.—(1) Section 71 of *The Loan and Trust Corporations Act*, as amended by section 5 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Amount of
capital
subscribed
and paid in
before
borrowing

- 71.—(1) No loan corporation shall exercise any of the borrowing powers conferred by this Act unless and until it has a capital paid in and unimpaired of at least \$1,000,000.

Borrowing
powers

- (2) Subject to the qualifications, limitations and restrictions contained in this Act, a registered loan corporation, if authorized by by-law, may,

- (a) borrow money by way of loan or on deposit at such rates of interest and upon such terms as the directors may from time to time determine;
- (b) issue debentures, bonds and other securities to evidence any such borrowing; and
- (c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the corporation present or future, including book debts and unpaid calls, rights, powers, franchises and undertaking, to secure any such debentures, bonds or other securities or any money borrowed.

Confirming
by-law

- (3) No by-law for any of the purposes mentioned in subsection 2 takes effect unless such by-law,
- (a) has been passed by the affirmative vote of the holders of two-thirds of the shares for the time being carrying voting rights and present or represented by proxy at a general meeting of the shareholders of the corporation duly called to consider such by-law; or

SECTIONS 17 and 18. The amendments define more exactly the borrowing powers of loan corporations and the procedures and restrictions on amounts that may be borrowed.

SECTION 19. The liquidity requirements for reserves for deposits with loan corporations are altered by permitting deposits in an approved depository other than chartered banks and removing municipal bonds from the required reserve.

- (b) has been passed by the directors and confirmed at a general meeting of the shareholders of the corporation duly called to consider such by-law by resolution passed by the affirmative vote of the holders of at least two-thirds of the shares for the time being carrying voting rights present or represented by proxy at such meeting.

(2) Subsection 1 does not apply to a loan corporation that was registered before the 1st day of January, 1968. Application of subs. 1

18. Sections 72 and 73 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor: R.S.O. 1960, c. 222, ss. 72, 73, re-enacted

72. Subject to the terms and conditions of any charge, mortgage, hypothec or pledge given by a registered loan corporation to secure any particular borrowing, the holders of deposits and the holders of debentures, bonds or other securities rank *pari passu* on the assets of such corporation and are ordinary creditors thereof. Ranking of holders of deposits and debentures

73. Debentures, bonds or other securities of a registered loan corporation shall, Denomination and term of debentures

(a) be for such individual amounts not less than \$100;

(b) be payable in such currency and at such place;

(c) mature on such date not less than one year from the date of issue thereof;

(d) bear such rate of interest; and

(e) in all other respects be in such form and terms,

as the directors of the corporation shall from time to time determine.

19.—(1) Clauses *a*, *b* and *c* of subsection 1 of section 74 of *The Loan and Trust Corporations Act*, as re-enacted by section 6 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 3 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 74, (1966 c. 81, s. 6), subs. 1, cls a, b, c, re-enacted

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*; and

R.S.O. 1960,
c. 222,
s. 74
(1966, c. 81,
s. 6),
subs. 2,
cls. *a*, *b*,
re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 74 are repealed and the following substituted therefor:

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks, or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

R.S.O. 1960,
c. 222,
s. 75,
re-enacted

20. Section 75 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor:

Limit on
borrowing

75. The total amount borrowed by a registered loan corporation, by way of the issue of debentures, bonds or other securities and by way of deposits shall not at any time exceed an amount equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be borrowed by such corporation to an amount not exceeding twenty times the aggregate of such unimpaired capital and reserve; and

SECTION 20. The maximum borrowing by loan corporations, with the approval of the Lieutenant Governor in Council, is increased from fifteen times its unimpaired capital and reserve to twenty times its unimpaired capital and reserve.

SECTION 21. Provision is made for the regulation of pooled trust funds.

- (b) prescribe the portion of the total amount that may be borrowed by such corporation that may be borrowed by way of deposits.

21. *The Loan and Trust Corporations Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 222
amended

- 78a.—(1) In this section, “pooled trust fund” means a Pooled trust
fund defined
trust fund maintained or operated by a trust company in which moneys belonging to various participants are combined for the purpose of investment and entitling the participant to receive on demand, or after a specified period after demand, an amount computed by reference to the value of a proportionate interest in the assets of such trust fund, but does not include a trust fund operated where participation is limited to less than fifty persons.
- (2) The assets of a pooled trust fund shall be held and Trust
document
managed in trust under a trust document for the purpose that complies with the regulations made under subsection 8.
- (3) No trust company shall offer to any person, units or Filing of
trust
document
other interests in a pooled trust fund until there has been filed with the Registrar the form of the documents evidencing the trust and such other material as to the reporting to participants, advertising, and training of personnel as the Registrar requires in respect of such offering and a receipt therefor has been obtained from the Registrar.
- (4) The Registrar may, when in his opinion such action Information
folder and
delivery to
prospective
purchaser
is in the public interest, require a trust company to file with him an information folder in the form prescribed by the regulations with respect to a pooled trust fund and no application or moneys for participation in the pooled trust fund shall be received by the trust company from a prospective purchaser until the trust company has delivered to the prospective purchaser a copy of the information folder that has been filed and the trust company shall obtain from each prospective purchaser with his application a statement in writing acknowledging that he has received a copy of the information folder.
- (5) The information folder shall provide brief and plain Form of
information
folder
disclosure of all material facts relating to the pooled trust fund, shall comply as to form and content with the requirements of the regulations and shall be

so certified by the president, vice-president, or managing director or other director appointed for such purpose and by the secretary or manager of the trust company.

New
information
folders

- (6) A trust company that has filed an information folder in respect of a pooled trust fund shall, as long as the trust company continues to offer participation in the pooled trust fund, file with the Registrar, a copy of a new information folder in respect of its contracts,
- (a) forthwith upon any material changes in any facts set out in the information folder filed in respect of such pooled trust fund; and
 - (b) within one year and one month after the date of the latest information folder filed with the Registrar in respect of such pooled trust fund.

Prohibition
order

- (7) When it appears to the Registrar that,
- (a) the information folder, or any other document filed with the Registrar by a trust company under this Act or the regulations,
 - (i) fails to comply in any substantial respect with the requirements of this Act or the regulations,
 - (ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or
 - (iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it is made; or
 - (b) the condition or method of operation of the trust company in connection with its pooled trust fund will render its operations hazardous to the public or to its participants in Ontario,

the Registrar shall report the same to the Minister and the Minister, if he concurs in the report and after hearing the trust company, may order the Registrar to prohibit the trust company from continuing to offer participation in such pooled trust fund.

SECTIONS 22, 23, 24 and 25. The amendments make changes for trust companies corresponding to the changes made for loan corporations by sections 19 and 20 of this Bill.

(8) The Lieutenant Governor in Council may make Regulations regulations,

- (a) prescribing the form and content of the trust instrument establishing a pooled trust fund;
- (b) prescribing investment restrictions and reserves in respect of pooled trust funds;
- (c) prescribing the form and content of information folders;
- (d) prescribing the qualifications and training of persons who may sell interests in pooled trust funds;
- (e) governing the furnishing of information and advertising to the public in connection with a pooled trust fund;
- (f) requiring trust companies to furnish the Registrar with such information, returns and reports respecting pooled trust funds as is prescribed.

22. Section 79 of *The Loan and Trust Corporations Act* R.S.O. 1960, c. 222, is repealed and the following substituted therefor: s. 79, re-enacted

- 79.—(1) A provincial trust company does not have Trust companies not to borrow by accepting deposits power to borrow money by taking deposits or by issuing debentures.
- (2) A provincial trust company may borrow money and charge, mortgage, hypothecate or pledge all or any Trust companies may borrow on its own funds of the real or personal property, present or future, of the company other than property deemed by this Act to be held by the company as trustee or received for investment under sections 80 and 82, to secure any moneys so borrowed.

23. Section 81 of *The Loan and Trust Corporations Act* R.S.O. 1960, c. 222, s. 81, is repealed. repealed

24. Section 82a of *The Loan and Trust Corporations Act*, R.S.O. 1960, c. 222, as enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor: s. 82a (1965, c. 61, s. 2), re-enacted

- 82a.—(1) The total of the moneys received by a registered Limit on guaranteed funds trust company as deposits under section 80 and for investment under section 82 or borrowed under section 79 shall not at any time exceed an amount

equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be so received by such company to an amount not exceeding twenty times the aggregate of such capital and reserve; and
- (b) prescribe the portion of the total amount that may be so received or borrowed by such company that may be received by way of deposits.

Deduction to be made in estimating the paid in capital

- (2) In ascertaining the amounts that may be received or borrowed by a trust company under subsection 1, all loans or advances to its shareholders upon the security of their shares shall be deducted from the amount of the unimpaired capital.

Pledge of securities to Canada Deposit Insurance Corporation

- 82b. Notwithstanding anything in this Act, a trust company may, with the approval of the Registrar, hypothecate, mortgage or pledge the cash and securities ear-marked and set aside under sections 80 and 81 of this Act to the Canada Deposit Insurance Corporation for a loan from that Corporation.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 1, cls. a, b, c, re-enacted

25.—(1) Clauses *a*, *b*, and *c* of subsection 1 of section 84 of *The Loan and Trust Corporations Act*, as re-enacted by section 7 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor:

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 2, cls. a, b, re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 84 are repealed and the following substituted therefor:

SECTION 26. Complementary to section 1 of this Bill.

SECTION 27. The amendment defines more exactly the requirements for confirmation by shareholders of agreements providing for the amalgamation of loan and trust corporations and the purchase of the assets of one corporation by another.

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

26. Subsection 1 of section 97 of *The Loan and Trust Corporations Act* is amended by striking out "or loaning land corporation" in the first and second lines and in the fourth line, so that the subsection shall read as follows:

R.S.O. 1960,
c. 222, s. 97,
subs. 1,
amended

- (1) Any registered loan corporation may unite, merge, amalgamate and consolidate its stock, property, business and franchises with those of any other loan corporation in Canada, or may purchase the assets of any such corporation, or may sell its assets to any registered corporation, and for the purpose of carrying out such purchase or sale the purchasing corporation shall assume the liabilities of the vendor corporation, and may enter into such bond or agreement of indemnity with the corporation or the individual shareholders thereof, or both, as may be necessary, and the corporations may enter into the contracts and agreements necessary to such union, merger, amalgamation, consolidation, sale or purchase.

Power to
unite with
other
corporations
and to
purchase or
sell assets

27. Section 99 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222, s. 99,
re-enacted

- 99. At each of the meetings of shareholders the agreement or offer shall be considered, and if at each meeting the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and the agreement or offer is ratified or accepted by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting, that fact shall be certified upon the agreement or offer by the secretary or manager of each corporation under the seal of such corporation.

Proceedings
to ratify
agreement

R.S.O. 1960,
c. 222,
s. 102,
subs. 5,
repealed

28. Subsection 5 of section 102 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 105,
subs. 2, 3, 4,
re-enacted

29.—(1) Subsections 2, 3 and 4 of section 105 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Business
and property
vested in
amalgamated
corporation

- (2) From the date of the assent, all the business and real and personal property, and all the rights and incidents appurtenant thereto, all stock, mortgages and other securities, subscriptions and other debts due, and other things in action belonging to each of the amalgamating corporations are vested in the amalgamated corporation without further act or deed.

Creditors'
rights

- (3) All rights of creditors and liens upon the property of each of the amalgamating corporations are unimpaired by the amalgamation.

Debts and
liabilities

- (4) All debts, liabilities and duties of each of the amalgamating corporations attach to the amalgamated corporation from the date of the assent and may be enforced against it to the same extent as if they had been incurred or contracted by it.

R.S.O. 1960,
c. 222,
s. 105,
subs. 5
(1960-61,
c. 48, s. 2,
subs. 2),
re-enacted

(2) Subsection 5 of the said section 105, as enacted by subsection 2 of section 2 of *The Loan and Trust Corporations Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Charter

- (5) Where the amalgamated corporation is to continue as a provincial corporation, the Lieutenant Governor shall, by letters patent, issue to the amalgamated corporation a charter, as at the date of the assent, confirming the amalgamation agreement and continuing the amalgamated corporation as if it had been incorporated under this Act.

To permit
continuation
of amalga-
mated
company
under
another
jurisdiction

- (6) Where the amalgamated corporation is to continue as other than a provincial corporation and one or more, but not all, parties to the amalgamation agreement are provincial corporations, the parties to the amalgamation agreement may apply to the proper officer of the jurisdiction of continuation specified in the amalgamation agreement for an instrument amalgamating and continuing them as an amalgamated corporation under the laws of that jurisdiction and as incidental thereto a provincial corporation may apply for letters patent or other instrument continuing it as if it had been incorporated under the laws of that jurisdiction.

SECTION 28. The provision repealed prescribes a fee for registration of a certificate of amalgamation. The fee is provided for under the registration sections.

SECTION 29. The amendment defines more exactly the effect of an amalgamation of loan and trust corporations and provides for the trans-jurisdictional amalgamation of provincial and federal corporations.

SECTION 30. The amendment clarifies the provisions for the acquisition by a loan corporation of the business and assets of another loan corporation by means of a purchase of shares.

30. Subsection 1 of section 106 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 106,
subs. 1
re-enacted

- (1) In addition to its powers under section 97, a registered loan corporation may, for the purpose of either acquiring the assets of any other loan corporation in Canada or uniting, merging or amalgamating with any such corporation under sections 97 to 105, purchase not less than 67 per cent of the outstanding shares of any such corporation, subject to the following:

Acquisition
or amalga-
mation by
registered
loan
corporation
by purchase
of shares

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.
2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar supported by evidence that,

(a) an offer to purchase has been accepted,

(i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation, or

(ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such corporation at a general meeting of the shareholders thereof; and

(b) the purchase has been submitted to a general meeting of the shareholders of the purchasing corporation at which the holders of at least 50 per cent of the issued shares of such corporation for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.

3. The power to purchase shares under this section is in addition to the powers set forth

in section 137, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.

4. Where a corporation has purchased shares under this section, it shall within a period of two years after the purchase has been authorized by the Lieutenant Governor in Council proceed under sections 97 to 105 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other corporation, but the Lieutenant Governor in Council, on being satisfied that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing corporation in the annual report prepared by the Registrar for the Minister, and the Registrar may direct the corporation to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 108,
subs. 1
re-enacted

31. Subsection 1 of section 108 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Acquisition
or amalga-
mation by
registered
trust
company by
purchase of
shares

- (1) In addition to its powers under section 107, a registered trust company may, for the purpose of either acquiring the assets of any corporation in Canada or uniting, merging or amalgamating with any other trust company in Canada under section 107, purchase not less than 67 per cent of the outstanding shares of any such corporation or trust company, subject to the following:

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.
2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar, supported by evidence that,

(a) an offer to purchase has been accepted,

- (i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation or trust company, or

SECTION 31. Corresponds to section 30 of this Bill but applies to trust companies.

- (ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such other corporation or trust company at a general meeting of the shareholders thereof; and
 - (b) the purchase has been submitted to a general meeting of the shareholders of the registered trust company at which the holders of at least 50 per cent of the issued shares of such company for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.
3. The power to purchase shares under this subsection is in addition to the powers that a registered trust company has under section 139, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.
 4. Where a trust company has purchased shares under this section it shall within a period of two years after such purchase has been authorized by the Lieutenant Governor in Council proceed under section 107 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other trust company, but the Lieutenant Governor in Council, on being satisfied, that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing trust company in the annual report prepared by the Registrar for the Minister, and the Registrar may direct such trust company to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 109,
subs. 3,
re-enacted

32. Subsection 3 of section 109 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Protection
from
personal
liability

- (3) No action or other proceeding for damages shall be instituted against the Registrar or assistant registrar, or anyone acting under the authority of the Registrar or assistant registrar, for any act done in good faith in the execution or intended execution of his duty or for any alleged neglect or default in the execution in good faith of his duty.

R.S.O. 1960,
c. 222
s. 111,
subs. 1,
amended

33. Subsection 1 of section 111 of *The Loan and Trust Corporations Act* is amended by adding "and" at the end of clause *a* and by striking out clause *b*.

R.S.O. 1960,
c. 222,
s. 114,
subs. 3,
re-enacted

34.—(1) Subsection 3 of section 114 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Special
audits

(3) Where,

- (a) a corporation is three months in default in the delivery of the annual statement required by section 152; or
- (b) for eighteen consecutive months there has been no audit of the books and accounts of the corporation; or
- (c) there is filed with the Registrar a requisition for audit bearing the signatures and addresses of at least twenty-five shareholders of the corporation holding shares upon which not less than \$10,000 in the aggregate has been paid in, alleging specific fraudulent or illegal acts or repudiation of contracts or alleging that the accounts of the corporation have been materially and wilfully falsified and accompanied by a deposit of \$1,000 or such other sum as the Registrar fixes as security for the cost of the audit,

the Registrar may appoint an accountant who shall under his direction make a special audit of the books, accounts and securities of the corporation and make to the Registrar a written report thereon.

SECTION 32. The provision protecting the Registrar and assistant registrar from civil liability is written in the form contained in other statutes administered by the Department of Financial and Commercial Affairs.

SECTION 33. Complementary to section 1 of this Bill.

SECTION 34—Subsections 1 and 3. The provision under which the Registrar can conduct his own audit is revised.

Subsection 2. Complementary to section 15 of this Bill.

SECTION 35. The provision repealed permits the Dominion Mortgage Investments Association to require the appointment by the Minister of an examiner under section 115 of the Act. That Association is no longer in existence.

SECTION 36. The amendment defines more exactly the duty of officers of corporations to furnish information to the Registrar on his request.

(2) Subsection 8 of the said section 114 is amended by striking out "66" in the fifth line and inserting in lieu thereof "68".

R.S.O. 1960,
c. 122,
s. 114,
subs. 8,
amended

(3) Subsections 9 and 10 of the said section 114 are repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 114,
subs. 9, 10,
re-enacted

(9) If the report of the special auditor appears to the Registrar to disclose fraudulent or illegal acts or repudiation of contracts or that the accounts of the corporation have been materially and wilfully falsified, he shall notify the corporation accordingly and furnish to it a copy of the report and the corporation shall within two weeks thereafter file a statement with the Registrar replying to such report.

Report of
special
auditor

(10) Upon consideration of the report and the corporation's statement in reply and such further evidence, documentary or oral, as he may require, the Registrar shall by a decision in writing continue, suspend or cancel the registry of the corporation or impose such terms or conditions upon the registry of the corporation, as he considers appropriate.

Registrar's
decision

35. Subsection 8 of section 115 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 115,
subs. 8,
repealed

36. Section 117a of *The Loan and Trust Corporations Act*, as enacted by section 8 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 117a,
(1966, c. 81,
s. 8),
re-enacted

117a.—(1) The Registrar may address any inquiries to a registered corporation or to the president, manager or secretary thereof for the purpose of ascertaining its condition and ability to meet its obligations or as to the conduct of its business and it is the duty of any corporation or officer so addressed to reply promptly in writing to any such inquiry.

Inquires by
Registrar

(2) The Registrar may require a corporation to forward a copy of any letter addressed to the corporation by the Registrar and any answer thereto to each director of the corporation and upon such requirement being made the president of the board of directors shall instruct the secretary of the corporation to include a copy of such letter and the answer thereto in the minutes of the meeting of the directors next following the requirement of the Registrar.

Notice to
directors

Answers
may be
included in
Registrar's
annual
report

- (3) The Registrar may, in his discretion, embody in his annual report to the Minister the inquiries and requirement made by him under this section and the answers thereto.

R.S.O. 1960,
c. 222,
amended

37. *The Loan and Trust Corporations Act* is amended by adding thereto the following sections:

Assets
not
accounted
for

- 118a.—(1) Where it comes to the attention of the Registrar that a provincial corporation may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Registrar is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such corporation and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 118b.

Release of
assets

- (2) The Registrar may release any assets under his possession and control that he considers advisable for the purposes of the corporation.

Report
to Minister

- 118b.—(1) Where the Registrar is of the opinion that the assets of a provincial corporation are not sufficient to meet its liabilities in respect of moneys received in trust or borrowed he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the corporation to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Registrar under subsection 1, the Minister may do one or both of the following,

(a) make the corporation's registry subject to such limitations or conditions as he considers appropriate;

(b) prescribe a time within which the corporation shall make good any deficiency of assets.

Subsequent
action

- (3) If the corporation fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension

SECTION 37. The new provisions enable the Registrar to take control of a provincial corporation, under certain conditions, to determine the degree of its financial difficulties and, if necessary, to manage it for rehabilitation purposes.

thereof subsequently given by the Minister, the Minister shall submit the report of the Registrar to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Registrar to take possession and control of the assets of the corporation and the Registrar shall deliver a copy of the order to an officer of the corporation.

- (4) For the purposes of this section, the Minister may ^{Appointment of appraisers} appoint such persons as he considers necessary to value and appraise the assets and liabilities of the corporation and report upon its condition and its ability, or otherwise, to meet its liabilities.

118c.—(1) If so ordered by the Lieutenant Governor in Council under section 118b, the Registrar shall take ^{Power of Registrar upon taking control} possession and control of the assets of a provincial corporation and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Registrar has all the powers of the board of directors of the corporation, and, without limiting the generality of the foregoing, the Registrar may,

- (a) exclude the directors, officers, servants and agents of the corporation from the premises, property and business of the corporation; and
- (b) carry on, manage and conduct the operations of the corporation and in the name of the the corporation preserve, maintain, realize, dispose of and add to the property of the corporation, receive the incomes and revenues of the corporation and exercise all the powers of the corporation.

- (2) While the Registrar has possession and control of the assets of a corporation under this section, the Minister may direct the Registrar to apply to the court for an order for the winding up of the corporation under Part VII of *The Corporations Act*. ^{Application to court} R.S.O. 1960, c. 71

- (3) Where the Registrar is in possession and control of the assets of a corporation and is conducting its business, he may appoint one or more persons to manage and operate the business of the corporation, and, ^{Appointment of managers}

- (a) each person so appointed is a representative of the Registrar; and

- (b) the remuneration of any such person, other than an employee of the office of the Registrar, shall be fixed by the Minister.

Relinquish-
ing control

- (4) Whenever the Minister believes that a corporation, the assets of which are in the possession and control of the Registrar, meets all the requirements of this Act and that it is otherwise proper for the corporation to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Where
rehabilitation
efforts futile

- (5) If the Minister, on the report of the Registrar, considers that further efforts to rehabilitate a corporation, the assets of which are in the possession and control of the Registrar, would be futile, he may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Expenses of
proceedings

- (6) The expenses of the Registrar incurred in rehabilitation proceedings under this section and sections 118*a* and 118*b* shall be paid,

(a) where the corporation that is the subject of the proceedings is a loan corporation, by all loan corporations; or

(b) where the corporation that is the subject of the proceedings is a trust company, by all trust companies,

and the share of each shall be in the same proportion as its total net income earned in Ontario in its last preceding fiscal year bears to the total net income earned in Ontario of all loan corporations or trust companies, as the case may be, in the last preceding fiscal year of each.

Advisory
committee

- (7) The corporations required to bear the said expenses of the Registrar may appoint a committee of not more than six members to advise the Registrar in

respect of all matters pertinent to the rehabilitation of the corporation whose assets are in the possession and control of the Registrar.

- 118*d*.—(1) Notwithstanding section 118*c*, a provincial corporation may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 118*b* within thirty days after the delivery of a copy of the order to an officer of the provincial corporation, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.
- (2) An order of the Lieutenant Governor in Council under section 118*b* shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.
- (3) The Minister shall certify to the Registrar of the Supreme Court, ^{Material on appeal}
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Registrar to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Registrar, the Minister or the Lieutenant Governor in Council.
- (4) The Minister is entitled to be heard, by counsel or otherwise, upon the argument of an appeal under this section. ^{Representation}
- (5) Where an appeal is taken under this section, the judge may by order direct the Registrar to take such action as the judge considers proper or refrain from taking any action specified in the order and the Registrar shall act accordingly. ^{Order}
- (6) The order of the judge is final and there is no appeal therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section. ^{Further decision}

R.S.O. 1960,
c. 222,
s. 123,
subs. 1,
amended

38.—(1) Subsection 1 of section 123 of *The Loan and Trust Corporations Act* is amended by striking out “and loaning land corporations” in the fifth line, so that the subsection, exclusive of the paragraphs, shall read as follows:

What
admissible
to registry

- (1) Trust companies whose powers do not include that of buying and selling land as beneficial owner except as authorized by this Act and do not exceed the powers that are conferred upon trust companies under this Act, loan corporations that are solvent and fall within one of the following classes, may, upon due application, be admissible to registry:

.

R.S.O. 1960,
c. 222,
s. 123,
subs. 3,
re-enacted

(2) Subsection 3 of the said section 123 is repealed and the following substituted therefor:

Registry
on terms

- (3) Upon the application for registration of a corporation, other than a provincial corporation, the Registrar may recommend to the Minister that the corporation be admitted to registry on terms and conditions and the Minister, if he so approves, may direct that the corporation be admitted to registry on such terms and conditions as he prescribes.

R.S.O. 1960,
c. 122,
s. 128,
repealed

39. Section 128 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 133,
subs. 1,
amended

40. Subsection 1 of section 133 of *The Loan and Trust Corporations Act* is amended by striking out “or of a loaning land corporation” in the fourth and fifth lines, so that the subsection shall read as follows:

No
unregistered
corporation
to
undertake
business

- (1) No incorporated body or person acting in its behalf, other than a registered corporation and a person duly authorized by it to act in its behalf, shall undertake or transact in Ontario the business of a loan corporation or of a trust company.

R.S.O. 1960,
c. 122,
s. 137,
subs. 1,
re-enacted

41.—(1) Subsection 1 of section 137 of *The Loan and Trust Corporations Act*, as amended by section 3 of *The Loan and Trust Corporations Amendment Act, 1960-61*, subsections 1, 2 and 3 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965*, and subsection 1 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Mortgages

- (1) A registered loan corporation may purchase or invest in,

SECTION 38—Subsection 1. Complementary to section 1 of this Bill.

Subsection 2. The amendment requires approval and authorizes the imposition of conditions in respect of corporations incorporated outside Ontario and applying for registration.

SECTION 39. The provision repealed prohibits terminating shares to which all reference in the Act is deleted.

SECTION 40. Complementary to section 1 of this Bill.

SECTIONS 41, 42, 43 and 44. The investment provisions for loan and trust corporations are amended to bring them into accordance with the corresponding provisions applicable to federally incorporated loan and trust corporations.

- (a) ground rents, mortgages, charges or hypothecs ^{mortgages} upon improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount paid for the mortgage, charge or hypothec, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the purchase or investment is made, shall not exceed three-quarters of the value of the real estate or leasehold to which the mortgage, charge or hypothec relates;
- (b) mortgages, charges or hypothecs upon im- ^{N.H.A. mortgages}proved real estate or leaseholds in Canada, notwithstanding that the amount paid for the mortgage, charge or hypothec exceeds three-quarters of the value of the real estate or leasehold, if the loan for which the mortgage, charge or hypothec is security is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada); ^{1953-54 c. 23 (Can.)}
- (c) mortgages, charges or hypothecs on improved ^{insured mortgages}real estate or leaseholds in Canada or in any country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest if the excess is guaranteed or insured by or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada) ^{R.S.C. 1952, cc. 31, 125} or *The Insurance Act* or similar legislation of ^{R.S.O. 1960, c. 190}any province or territory of Canada;
- (d) mortgages or assignments of such life insur- ^{mortgages and assignments of life insurance policies}ance policies as have at the date of the purchase or investment an ascertained cash surrender value admitted by the insurer;

Government
bonds

- (e) the debentures, bonds, stock or other securities of or guaranteed by the Government of Canada or of or guaranteed by the government of any province of Canada, or of or guaranteed by the government of the United Kingdom, or of any of Her Majesty's dominions, colonies or dependencies, or of any state forming part of any such dominion, colony or dependency, or of or guaranteed by any foreign country or state forming part of such foreign country where the interest on the securities of such foreign country or state has been paid regularly for the previous ten years, or of any municipality or school corporation in Canada or elsewhere where the corporation is carrying on business, or guaranteed by any municipal corporation in Canada, or secured by rates or taxes levied under the authority of the government of any province of Canada on property situated in such province and collectable by the municipalities in which the property is situated;

bonds, etc.,
issued or
guaranteed
by the
Inter-
national
Bank, etc.

- (f) the bonds, debentures or other securities issued or guaranteed by,
- (i) the International Bank for Reconstruction and Development,
 - (ii) Inter-American Development Bank or by Asian Development Bank, or
 - (iii) the government of any country in which the corporation is carrying on business or a province or state thereof;

bonds
secured by
trust deed

- (g) the bonds, debentures, debenture stock, notes or other securities of any company that are secured by a mortgage or hypothec to a trust company either singly or jointly with another trustee upon improved real estate of such company or other assets of such company of the classes mentioned in clauses *a*, *b*, *c*, *d* and *e*;

federal
subsidy
bonds

- (h) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that the Government

of Canada has agreed to make, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity;

- (i) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that are payable, by virtue of an Act of a province of Canada, by or under the authority of the province, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity; <sup>provincial
subsidy
bonds</sup>
- (j) obligations or certificates issued by a trustee to finance, for a company incorporated in Canada or for a company owned or controlled by a company so incorporated, the purchase of transportation equipment to be used on railways or public highways, if the obligations or certificates are fully secured by, <sup>transporta-
tion
equipment
security</sup>
 - (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and
 - (ii) a lease or conditional sale thereof by the trustee to the company;
- (k) the bonds, debentures or other evidences of indebtedness of or guaranteed by, ^{debentures}
 - (i) any company if, at the date of investment, the preferred shares or the common shares of the company are authorized as investments by clause *l* or *m*, or
 - (ii) any company where the earnings of the company in a period of five years ending less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least $1\frac{1}{2}$ times the annual interest requirements at the date of investment on all indebtedness

of or guaranteed by it other than indebtedness classified as a current liability in the balance sheet of the company, and if the company at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another company, the earnings of the companies during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the companies shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the company; and for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

preferred
shares

(*l*) the preferred shares of a company where the company has paid,

(i) a dividend in each of the five years immediately preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

(ii) if the common shares of the company are, at the date of investment, authorized as investments by clause *m*;

common
shares

(*m*) the fully paid common shares of a company that during a period of five years that ended less than one year before the date of purchase or investment has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the company during the year

in which the dividend was paid or in which the company had earnings available for the payment of dividends, as the case may be;

- (n) real estate or leaseholds for the production of ^{real estate for the production of income} income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if,
 - (i) a lease of the real estate or leasehold is made to, or guaranteed by,
 - (A) the government, or an agency of the government of the country in which the real estate or leasehold is situated, or of a province, state or municipality of that country, or
 - (B) a company, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *l* or *m*,
 - (ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested by the corporation in the real estate or leasehold within the period of the lease, but not exceeding thirty years from the date of investment, and
 - (iii) the total investment of the corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,
 - (iv) the book value of the investments of the corporation in real estate or leaseholds for the production of income under this clause and clause *o* do not exceed 10 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

other real
estate for
the
production
of income

- (o) real estate or leaseholds for the production of income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of a corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold; but the book value of the investments of the corporation in real estate or leaseholds for the production of income and subject to subclause iv of clause *n* shall not exceed 5 per cent of the book value of the total assets of the corporation;

guaranteed
investment
certificates
of trust
companies

- (p) guaranteed investment certificates of a trust company incorporated in Canada, if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *l* or *m*.

(2) Subsection 2 of the said section 137 is amended by R.S.O. 1960, c. 222, s. 137, subs. 2, amended striking out "or a registered loaning land corporation" in the fifth and sixth lines, so that the subsection shall read as follows:

- (2) In addition to investments it may make by lending Investment in national housing on the security of or by purchasing mortgages, charges or hypothecs upon real estate pursuant to the *National Housing Act* (Canada) or the *National Housing Act, 1954* (Canada) or any amendments R.S.C. 1952, c. 188; 1953-54, c. 23 (Can.) thereto, a registered loan corporation may invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Registrar in any other classes or types of investments pursuant to the said Acts, or any amendments thereto, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings.

(3) Subsection 3 of the said section 137, as amended by R.S.O. 1960, c. 222, s. 137, subs. 3, re-enacted subsection 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 3 and 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965* and subsection 2 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

- (3) A registered loan corporation may lend money on Loans on securities by loan corporations the security of,
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value of the real estate or leasehold, if the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada); 1953-54 c. 23 (Can.)

(d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

(e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan and if also the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

R.S.C. 1952,
cc. 31, 125

R.S.O. 1960,
c. 190

Special
guaranteed
loans

1964-65
c. 24 (Can.)

R.S.C. 1952,
c. 110
1955

c. 46 (Can.)

1960-61
c. 5 (Can.)

(4) If a registered loan corporation is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada) or the *Small Businesses Loans Act* (Canada), the corporation may make guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 122,
s. 138,
re-enacted

42. Section 138 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

"Basket
clause"
for loan
corporations

138. A registered loan corporation may make investments and loans not authorized by section 137 and not prohibited by any other section, subject to the following provisions,

(a) investments in real estate or leaseholds under this section shall be made only for the pro-

duction of income, and may be made by the corporation in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the corporation may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a corporation under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the corporation;

(b) the total book value of the investments and loans made under this section and held by the corporation, excluding those that are, or at any time since acquisition have been, authorized as investments apart from this section, shall not exceed the larger of,

- (i) 15 per cent of the corporation's unimpaired capital and reserve, or
- (ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the book value of the total assets of the corporation; and

(c) this section shall be deemed not to,

- (i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or
- (ii) affect the operation of clause *e* of subsection 3 of section 137 as to the amount that may be loaned on the security of the shares of any one company.

138a. Notwithstanding anything in section 137 or 142, a registered loan corporation may invest its funds in the fully paid shares of,

Power of
loan
corporations
to invest in
shares of
certain
companies

- (a) any company incorporated outside Canada to exercise the powers that a loan corporation incorporated in Ontario possesses;

- (b) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or to act as agent in the sale or purchase of real estate or leaseholds;
- (c) any company incorporated to offer public participation in an investment portfolio;
- (d) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services; or
- (e) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a loan corporation,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960,
c. 122,
s. 139,
re-enacted

43. Section 139 of *The Loan and Trust Corporations Act*, as amended by section 4 of *The Loan and Trust Corporations Amendment Act, 1960-61*, section 5 of *The Loan and Trust Corporations Amendment Act, 1961-62*, section 5 of *The Loan and Trust Corporations Amendment Act, 1965* and section 11 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Investments
by trust
companies

139.—(1) A registered trust company may invest its own funds and moneys received for guaranteed investment or as deposits in any of the investments mentioned in subsection 1 of section 137, except that at all times at least 50 per cent of moneys received for guaranteed investment or as deposits shall be invested in or loaned upon such securities only as are authorized for trustees by section 26 of *The Trustee Act*.

R.S.O. 1960,
c. 408

Restriction
on amounts
of
investment
in
real estate

(2) The total book value of the investments of a registered trust company in real estate or leaseholds for the production of income under clause *n* of subsection 1 of section 137, shall not exceed in the case of its own funds 10 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as deposits, 10 per cent of such moneys and under clause *o* of subsection 1 of section 137, shall not exceed in the case of its own funds 5 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as

deposits 5 per cent of such moneys or 25 per cent of the unimpaired capital and reserve of the company, whichever is the greater, but the total amount invested under clauses *n* and *o* shall not exceed the maximum amount provided in clause *n*; and the amount so invested in any one parcel of real estate or leaseholds for the production of income shall not exceed 2 per cent of the aggregate of the total assets of the corporation and the moneys received by it for guaranteed investment or as deposits.

- (3) In addition to investments it may make by lending on the security of or by purchasing mortgages, charges or hypothecs upon real estate under the *National Housing Act, 1954* (Canada) or any predecessor thereof, a registered trust company may invest its own funds to an aggregate amount not exceeding 5 per cent of its unimpaired capital and reserve and may, notwithstanding subsection 1, invest moneys received for guaranteed investment or as deposits to an aggregate amount not exceeding 5 per cent of such moneys in any other classes or types of investments pursuant to the said Act, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings. Investments in national housing 1953-54 c. 23 (Can.)
- (4) Subject to subsection 1, a registered trust company may lend its own funds and moneys received for guaranteed investment or as deposits on the security of, Loans by registered trust companies
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1 of section 137;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan, shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value

of the real estate or leasehold, where the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada);

1953-54
c. 23 (Can.)

- (d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the company is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the company is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

R.S.C. 1952,
cc. 31, 125

R.S.O. 1960,
c. 190

- (e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1 of section 137, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan, and if the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

Loans by
trust
companies

1964-65
c. 24 (Can.)

R.S.C. 1952,
c. 110
1955, c. 46
(Can.)

- (5) If a registered trust company is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada), it may lend its own funds and moneys received for guaranteed investment or as deposits, in guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 222,
s. 140,
re-enacted

44. Section 140 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

140. A registered trust company may, with respect to its own funds and with respect to moneys received for guaranteed investment or as deposits, make investments and loans not authorized by section 139 and not prohibited by any other section, subject to the following provisions,

- (a) investments in real estate or leaseholds under this section shall be made only for the production of income, and may be made by the company in Canada or in any country in which the company is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the company may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a company under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits;
- (b) the total book value of the investments and loans made under this section and held by the company, excluding those that are or at any time since acquisition have been authorized as investments apart from this section, shall not exceed the larger of,
 - (i) 15 per cent of the company's unimpaired capital and reserve, or
 - (ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits; and
- (c) this section shall be deemed not to,
 - (i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or

- (ii) affect the operation of subsections 1 and 2 of section 139 or the operation of clause *e* of subsection 4 of section 139 as to the amount which may be loaned on the security of the shares of any one company.

Power of registered trust companies to invest in shares of certain companies

140*a*. Notwithstanding anything in section 139 or 142, a registered trust company may invest its own funds in the fully paid shares of,

- (*a*) any company incorporated outside Canada to exercise the powers set forth in section 77;
- (*b*) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or act as agent in the sale or purchase of real estate or leaseholds;
- (*c*) any company incorporated to offer public participation in an investment portfolio;
- (*d*) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services;
- (*e*) a loan corporation within the meaning of this Act; or
- (*f*) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a trust company,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960,
c. 222,
s. 144,
subs. 2,
re-enacted

45. Subsection 2 of section 144 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Limitation
of time for
holding

- (2) The corporation shall, subject to section 145, sell any real estate acquired by it under a mortgage, charge or hypothecation, or in satisfaction of a debt, within twelve years after it has been so acquired, otherwise it may be forfeited to Her Majesty for the use of Ontario, but no such forfeiture shall be enforced until the expiration of six calendar months after notice in writing to the corporation of the intention of Her Majesty to claim such forfeiture.

SECTION 45. Complementary to section 1 of this Bill.

SECTION 46. Self-explanatory.

SECTION 47. The amendment brings the reference to funds into accord with the terminology used elsewhere in the Act.

SECTION 48. The amendment extends the prohibition against loans to directors and auditors to other classes of insiders. The amendment also requires Ontario loan and trust corporations carrying on business outside Canada to retain in Canada assets at least equal to their liabilities in Canada and provide for bonding, etc.

46. Section 145 of *The Loan and Trust Corporations Act* R.S.O. 1960, c. 222, s. 145, amended is amended by adding thereto the following subsection:

- (2) The corporation may acquire, hold, sell or dispose of real estate acquired in connection with the relocation by the corporation of the place of employment of an employee, if the real estate serves as the residence of the employee immediately after the relocation or served as the residence of the employee immediately before the relocation but the real estate shall not be allowed as an asset of the corporation in the annual report prepared by the Registrar for the Minister if it is held for more than two years following its acquisition.

47. Section 147 of *The Loan and Trust Corporations Act* R.S.O. 1960, c. 222, s. 147, amended is amended by striking out "paid up capital and reserve funds" in the fourth and fifth lines and inserting in lieu thereof "unimpaired paid up capital, surplus and reserves", so that the section shall read as follows:

147. A provincial corporation shall not make or undertake any investment under section 145 or 146 that will cause the total amount at which such investments are carried on its books to exceed 35 per cent of its unimpaired paid up capital, surplus and reserves.

48. Section 148 of *The Loan and Trust Corporations Act*, R.S.O. 1960, c. 222, s. 148, (1966, c. S1, s. 14), re-enacted as re-enacted by section 14 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

148.—(1) A corporation shall not knowingly make an investment,

(a) by way of a loan to,

(i) a director or officer of the corporation or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the corporation;

(b) in a company that is a substantial shareholder of the corporation; or

(c) in a company in which,

- (i) an individual mentioned in subclause i of clause *a*,
- (ii) an individual who is a substantial shareholder of the corporation,
- (iii) another corporation that is a substantial shareholder of the corporation, or
- (iv) a group consisting exclusively of individuals mentioned in subclause i of clause *a*,

has a significant interest.

Disposition

- (2) The corporation shall not knowingly retain an investment mentioned in subsection 1.

Inter-pretation

- (3) For the purpose of this section,

significant interest

- (a) a person has a significant interest in a company, or a group of persons has a significant interest in a company, if,
 - (i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or
 - (ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the company for the time being outstanding;

substantial shareholder

- (b) a person is a substantial shareholder of a corporation, or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting

rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

- (c) "equity share" means a share of any class to ^{equity share} which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;
- (d) "investment" means, investment
- (i) an investment in a company by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or
 - (ii) a loan to a person or persons, but does not include an advance or loan, whether secured or unsecured, that is made by a corporation to a company and that is merely ancillary to the main business of the corporation;
- (e) "officer" means the president, vice-president, manager, secretary, assistant secretary, comptroller, treasurer and assistant treasurer of a corporation and any other person designated as an officer of the corporation by by-law or by resolution of the directors thereof.
- (4) For the purposes of this section, where a person or ^{"Down-stream,"} a group of persons owns beneficially, directly or ^{investment} indirectly, shares of a company, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other company that is owned beneficially, directly or indirectly, by the first-mentioned company, that is equal to the proportion of the shares of the first-mentioned company that is owned beneficially, directly or indirectly, by that person or group of persons.
- (5) Notwithstanding subsection 4, a corporation is not ^{Exception} prohibited from making an investment in a company only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to

own beneficially, equity shares of the corporation is by reason thereof deemed to own beneficially equity shares of the company.

Exemption

(6) Where any person or group of persons is a substantial shareholder of a corporation and, as a consequence thereof and of the application of this section, certain investments are prohibited for the corporation, the Minister may, on the advice of the Registrar, and on application by the corporation, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,

(a) that the decision of the corporation to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the corporation; and

(b) that the investment is to be made under the power granted to the corporation by sections 137, 138, 139 and 140.

Idem

(7) Any exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Assets in Canada

148a.—(1) A provincial corporation shall at all times retain in Canada assets at least equal to its liabilities incurred in Canada and to the moneys for which it is accountable as a trustee in Canada.

Safekeeping

(2) The custody of securities registered in the name of or held by a provincial corporation is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the corporation, as the Lieutenant Governor in Council may prescribe.

R.S.O. 1960,
c. 222,
s. 150,
re-enacted

49. Section 150 of *The Loan and Trust Corporations Act*, as amended by section 7 of *The Loan and Trust Corporations Amendment Act, 1965* and section 15 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

SECTIONS 49 and 50. These amendments clarify the obligation of trust companies to make returns to the Registrar.

- 150.—(1) Every trust company receiving deposits or ^{Annual return} receiving funds for guaranteed investment shall make a return to the Registrar on or before the 31st day of January in each year drawn in accordance with the form prescribed by the Registrar, showing the amount of the funds and showing all securities, including loans on securities and cash, and money on deposit ear-marked and set aside as provided in subsection 2 of section 80 and subsection 3 of section 82 as such amounts stood on the 31st day of December next preceding, and stating that they were on such date so ear-marked and set aside.
- (2) Every trust company shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as at the last day of June and of December in each year showing the changes in investments and loans of the company during the preceding half-year.
- (3) Every trust company shall prepare a statement in ^{Quarterly statement} the form prescribed by the Registrar as at the last day of March, June, September and December in each year showing the amount of cash and securities required to be maintained under section 84 and the amount of deposits and of funds received for guaranteed investment coming due in less than 100 days.
- (4) The statements mentioned in subsections 2 and 3 ^{Verification of statements} shall be verified by a certificate of a responsible officer of the trust company and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

50. Section 151 of *The Loan and Trust Corporations Act*, ^{R.S.O. 1960, c. 222, s. 151 (1966, c. 81, s. 16), amended} as re-enacted by section 16 of *The Loan and Trust Corporations Amendment Act, 1966*, is amended by adding thereto the following subsections:

- (2) Every loan corporation shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as of the last day of June and of December in each year showing the changes in investments and loans of the corporation during the preceding half-year.
- (3) The statements mentioned in subsections 1 and 2 ^{Verification} shall be verified by a certificate of a responsible officer of the loan corporation and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

Commence-
ment

51. This Act comes into force on the day it receives Royal Assent.

Short
title

52. This Act may be cited as *The Loan and Trust Corporations Amendment Act, 1970*. (No. 2)

An Act to amend
The Loan and Trust Corporations Act

1st Reading

November 3rd, 1970

2nd Reading

November 9th, 1970

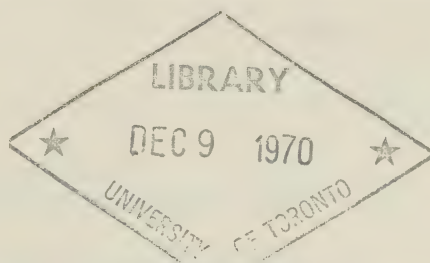
3rd Reading

MR. LAWRENCE (Carleton East)

*(Reprinted as amended by the
Legal and Municipal Committee)*

BILL 221

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Loan and Trust Corporations Act

MR. LAWRENCE (Carleton East)

TORONTO

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BILL 221

1970

An Act to amend The Loan and Trust Corporations Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Clause *a* of section 1 of *The Loan and Trust Corporations Act*, as re-enacted by section 1 of *The Loan and Trust Corporations Amendment Act, 1967*, is amended by adding at the end thereof “and includes a partnership of which the members are accountants”, so that the clause shall read as follows:

(a) “accountant” means a person who is a member of The Canadian Institute of Chartered Accountants or any other person who is an accountant and who, in either case, is acceptable to the Registrar as being competent to audit the accounts and transactions of corporations under this Act, and includes a partnership of which the members are accountants.

(2) Clause *c* of the said section 1 is repealed and the following substituted therefor:

(c) “corporation” means a loan corporation or a trust company.

(3) Clauses *h* and *i* of the said section 1 are repealed and the following substituted therefor:

(h) “loan corporation” means an incorporated company, association or society, constituted, authorized or operated for the purpose of lending money on the security of real estate or investing money in mortgages, charges or hypothecs upon real estate or for those and any other purposes, but does not include a chartered bank, an insurance corporation, a trust company, or an investment company registered under *The Investment Contracts Act*.

R.S.O. 1960,
c. 222, s. 1,
cl. *a* (1967,
c. 49, s. 1),
amended

R.S.O. 1960,
c. 222, s. 1,
cl. *c*,
re-enacted

R.S.O. 1960,
c. 222, s. 1,
cl. *h*,
re-enacted;
cl. *i*,
repealed

R.S.O. 1960,
c. 194

R.S.O. 1960,
c. 222, s. 1,
cls. *l*, *m*,
repealed

(4) Clauses *l* and *m* of the said section 1 are repealed.

R.S.O. 1960,
c. 222, s. 1,
amended

(5) The said section 1 is amended by adding thereto the following clause:

(*na*) "provincial trust company" means a trust company that is a provincial corporation.

R.S.O. 1960,
c. 222, s. 3,
subs. 1,
amended

2. Subsection 1 of section 3 of *The Loan and Trust Corporations Act* is amended by striking out "a loaning land corporation" in the second line, so that the subsection shall read as follows:

Application
for
incorpora-
tion

(1) An application for the incorporation of a loan corporation or a trust company shall be made by petition to the Lieutenant Governor in Council through the Minister in the prescribed form, and shall be delivered to the Registrar.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *c*,
re-enacted

3.—(1) Clause *c* of subsection 2 of section 4 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

(*c*) state the capital of the corporation, the classes, if any, into which it is to be divided, the number of shares of each class and the par value of each share, and where more than one class of shares is provided for, one class shall be common shares designated as such, and the other class or classes shall be preference shares designated as such;

(*ca*) in the case of preference shares, provide for the preferences, rights, conditions, restrictions, limitations or prohibitions attaching thereto including, without limiting the nature thereof, the right of the corporation to purchase for cancellation or at its option to redeem all or part of the preference shares of any class, or provide for conditions, restrictions, limitations or prohibitions on the right to vote.

R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *d*,
amended

(2) Clause *d* of subsection 2 of the said section 4 is amended by striking out "or a loaning land" in the first line and by striking out "and loaning land corporations" in the fourth and fifth lines, so that the clause shall read as follows:

(*d*) in the case of a loan corporation, define and regulate the exercise of such general powers of borrowing as are by this Act conferred upon loan corporations, and declare within what limits such borrowing powers are to be exercised, and whether by issuing debentures or otherwise.

(3) Clause *e* of subsection 2 of the said section 4 is amended by striking out "ordinary and special" in the first and second lines, so that the clause shall read as follows: R.S.O. 1960,
c. 222, s. 4,
subs. 2, cl. *e*,
amended

(*e*) provide for the holding of general meetings of the shareholders.

(4) Subsection 2 of the said section 4 is amended by inserting "and" at the end of clause *g*, by striking out "and" at the end of clause *h* and by striking out clause *i*. R.S.O. 1960,
c. 222, s. 4,
subs. 2,
amended

4. Section 9 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 9,
re-enacted

9.—(1) No share shall be issued on or after the 30th day of June, 1970, until it is fully paid and a share is not fully paid until all consideration therefor has been received by the corporation. Fully paid
shares

(2) No shares of any class shall be issued at a discount or upon any terms, agreement or understanding that the holder thereof is liable for any lesser amount than the par value thereof. No issue
of shares
at discount

(3) No transfer of shares shall be made that has the effect of reducing the number of shareholders to less than twenty-five. No transfer
to reduce
number of
shareholders
to less
than 25

5. Subsection 1 of section 13 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222, s. 13,
subs. 1,
re-enacted

(1) If a corporation does not go into actual *bona fide* operation and becomes registered under this Act within two years after incorporation or if it does not use its corporate powers for the purposes set forth in its letters patent, the Act or instrument of incorporation, or is not registered under this Act during a period of two consecutive years, its corporate powers, except so far as is necessary for winding up the corporation, shall thereupon cease and determine. Termination
of
corporate
powers
where
non-user

6. Section 14 of *The Loan and Trust Corporations Act* is repealed. R.S.O. 1960,
c. 222, s. 14,
repealed

7. Section 18 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 18,
re-enacted

18.—(1) A loan corporation may apply by petition to the Lieutenant Governor in Council for an order Application
by loan
corporation
for power to
act as agent

authorizing the corporation to act generally as agent for the transaction of business, the collection of loans, rents, interest, dividends, mortgages and other securities for money, as a depository for the safe-keeping of securities and personal property and to carry on the business of a mortgage or real estate broker.

Application
authorized
by resolution

- (2) An application under subsection 1 shall be authorized by a resolution of the directors.

Amendment
of
registration

- (3) Upon the making of an order under subsection 1, the Registrar shall amend the registration of the corporation kept under clause *a* of subsection 1 of section 111 and subsection 1 of section 121.

R.S.O. 1960,
ss. 20-23,
re-enacted

8. Sections 20, 21, 22 and 23 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Annual
meeting

- 20.—(1) A corporation shall hold an annual meeting of shareholders at the head office of the corporation or elsewhere in Ontario at least once in each year for the purposes of considering the financial statement of the corporation required to be laid before the meeting by section 69, the election of directors, the appointment of auditors and the transaction of such other business as is permitted or required by law or by the by-laws of the corporation.

Notice

- (2) Notice of the time and place of the annual meeting shall be given to each person who on the record date for notice appears on the records of the corporation as a shareholder by delivering or sending the notice by mail to his latest address as shown on the records of the corporation at least ten days before the date of the meeting.

General
meetings

- 21.—(1) The directors of a corporation may at any time by resolution call a general meeting of the shareholders for the transaction of any business specified in the resolution.

Requisition
by
shareholders

- (2) Shareholders holding not less than 10 per cent of the issued shares of a corporation carrying the right to vote at the meeting may request the directors to call a general meeting of the shareholders for any purpose that is connected with the affairs of the corporation and that is not inconsistent with this Act.

- (3) The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office of the corporation, and may consist of several documents in like form signed by one or more requisitionists. ^{Form of requisition}
- (4) Upon deposit of the requisition, the directors shall call forthwith a general meeting of the shareholders for the transaction of the business stated in the requisition. ^{Directors to call general meeting}
- (5) Notice of any general meeting of the shareholders shall be given in the manner provided in subsection 2 of section 20. ^{Notice}
- (6) No business other than that specified in the notice thereof shall be transacted at a general meeting unless all the shareholders are present in person or are represented by proxy and unanimously consent thereto. ^{Other business}
22. Every director or officer of a corporation wilfully neglecting or omitting to give or cause to be given the notice for any general meeting required by section 21 is guilty of an offence. ^{Offence}
- 23.—(1) The by-laws may provide for the fixing in advance of a date as the record date, ^{Record dates}
- (a) for the determination of the shareholders entitled to notice of meetings of the shareholders, which record date for notice shall not be more than fifty days before the date of the meeting and not fewer than the minimum number of days for notice of the meeting and where no such record date for notice is fixed by by-law, the record date for notice shall be at the close of business on the day next preceding the day on which notice is given or sent; and
 - (b) for the determination of the shareholders entitled to vote at meetings of the shareholders, which record date for voting shall be not more than forty-eight hours, excluding Saturdays and holidays, before the date of the meeting and, where no such record date for voting is fixed by by-law, the record date for voting shall be at the time of the taking of the vote.

Voting
rights

- 23a. The holder of each common share and, subject to clause *ca* of subsection 2 of section 4, the holder of each preference share who, on the record date for voting appears on the records of the corporation as a shareholder is entitled to one vote for each share held by him, upon which he is not in arrear in respect of any call, at all meetings of shareholders of the corporation.

R.S.O. 1960,
c. 222, s. 25,
amended

- 9.** Section 25 of *The Loan and Trust Corporations Act* is amended by striking out "annual and special" in the first line, so that the subsection shall read as follows:

Minute
Book

25. The transactions of all general meetings of the corporation and of all meetings of the board of directors shall be entered in a book known as the "Minute Book" of the corporation.

R.S.O. 1960,
c. 222, s. 34,
subss. 3, 4,
re-enacted

- 10.** Subsections 3 and 4 of section 34 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Retirement
age

- (3) On and after the 1st day of January, 1972, no person is qualified for appointment or election as a director if he has attained the age of seventy-five years.

Majority
to be
Canadian
citizens and
residents

- (4) The majority of the directors shall at all times be Canadian citizens ordinarily resident in Canada.

New election
to fill
director-
ships in
such case

- (4a) Where more than the permitted number of non-residents and aliens are elected, a new election shall be held forthwith to fill all the directorships to which non-residents or aliens have been elected, and so on until the number of non-residents and aliens elected is reduced to or below the permitted number.

R.S.O. 1960,
c. 222, s. 49
(1961-62,
c. 74, s. 2),
amended

- 11.** Section 49 of *The Loan and Trust Corporations Act*, as re-enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1961-62*, is amended by striking out "stock" in the first line, so that the section shall read as follows:

Par value
of shares

49. The par value of a share of capital shall be \$1 or any multiple thereof not exceeding \$100.

R.S.O. 1960,
c. 222, s. 58,
re-enacted

- 12.** Section 58 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1968-69*, is repealed and the following substituted therefor:

Increase or
decrease of
capital

- 58.—(1) The directors of a corporation may by by-law provide for the increase or decrease of its capital.

- (2) The by-law shall state the number, class and par value of the shares by which the capital is so increased or decreased. Contents of by-law
- (3) The directors may by by-law provide upon terms therein stated for the conversion of partly paid up shares into paid up shares or for subdividing shares or altering the par value of shares. Conversion of partly paid up shares
- (4) The liability of shareholders to persons who, at the time the capital is increased or decreased or shares are converted or altered, are creditors of the corporation remains as though the capital had not been increased or decreased or the shares had not been converted or altered. Rights of creditors preserved
- (5) Where a by-law under this section would have the effect of increasing or decreasing the capital of a corporation or altering the liability of any shareholder thereof, a copy of the proposed by-law shall be delivered to the Registrar and no such by-law shall be passed for at least one month thereafter. Copy to Registrar
- (6) No by-law under this section has any force or effect until it has been submitted to a general meeting of the shareholders of the corporation duly called for that purpose at which the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and is confirmed thereat, with or without variation, by a resolution passed by the affirmative votes of the holders of at least two-thirds of the shares represented at the meeting, and has thereafter been confirmed by order of the Lieutenant Governor in Council. Confirmation of by-law by shareholders and by order in council
- (7) Notice of such general meeting of the shareholders shall be given as provided in subsection 2 of section 20 and such additional notice as the Registrar may direct. Notice to shareholders
- (8) The Lieutenant Governor in Council may grant this confirmation, required by subsection 6, if he is satisfied of the *bona fide* character of the changes provided for in the by-law, unless it appears that the confirmation of the by-law would not be in the public interest. When confirmation may be granted
- (9) With the consent of the corporation, evidenced by a resolution of the directors, the changes provided for Varying by-law on confirmation

in any by-law under this section may be varied or amended by the confirming order in council, and may be made subject to such conditions as the Lieutenant Governor in Council considers proper.

Evidence
of con-
firmation

- (10) A copy of the order in council confirming a by-law under this section, certified by the Clerk of the Executive Council shall be received in evidence as *prima facie* proof of the confirmation.

Effective
date of
by-law

- (11) A by-law under this section becomes effective on the date specified in the confirming order in council.

R.S.O. 1960,
c. 222, s. 61,
repealed

13. Section 61 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222, s. 62,
amended

14. Section 62 of *The Loan and Trust Corporations Act* is amended by striking out "and subsections 5 to 8 of section 59 apply to the books prescribed by section 61" in the second and third lines, so that the section shall read as follows:

Application
of s. 59,
subss. 6-8

62. Subsections 6 to 8 of section 59 apply to the registers prescribed by section 60.

R.S.O. 1960,
c. 222,
ss. 66-69,
re-enacted

15. Sections 66, 67, 68 and 69 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Auditors

- 66.—(1) The shareholders of a corporation at their first general meeting shall appoint one or more auditors to hold office until the close of the first annual meeting and, if the shareholders fail to do so, the directors shall forthwith make such appointment or appointments.

Appointment
annually

- (2) The shareholders shall at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting and, if an appointment is not so made, the auditor in office continues in the office until a successor is appointed.

Casual
vacancy

- (3) The directors may fill any casual vacancy in the office of auditor, but, while such vacancy continues, the surviving or continuing auditor, if any, may act.

Removal
of auditor

- (4) The shareholders may, by resolution passed by a majority of the votes cast at a general meeting duly called for the purpose, remove an auditor before the expiration of his term of office, and shall by a majority

of the votes cast at that meeting appoint another auditor in his stead for the remainder of his term.

- (5) Before calling a general meeting for the purpose specified in subsection 4, the corporation shall, fifteen days or more before the mailing of the notice of the meeting, give to the auditor, ^{Notice to auditor}
 - (a) written notice of the intention to call the meeting, specifying therein the date on which the notice of the meeting is proposed to be mailed; and
 - (b) a copy of all material proposed to be sent to shareholders in connection with the meeting.
- (6) The auditor has the right to make to the corporation, three days or more before the mailing of the notice of the meeting, representations in writing concerning his proposed removal as auditor, and the corporation, at its expense, shall forward with the notice of the meeting a copy of such representations to each shareholder entitled to receive notice of the meeting. ^{Right of auditor to make representations}
- (7) The remuneration of an auditor appointed by the shareholders shall be fixed by the shareholders, or by the directors if they are authorized so to do by the shareholders, and the remuneration of an auditor appointed by the directors shall be fixed by the directors. ^{Remuneration}
- (8) If for any reason no auditor is appointed, the Registrar may appoint one or more auditors to hold office until the close of the next annual meeting and fix the remuneration to be paid by the corporation for his or their services. ^{Appointment by Registrar}
- (9) The corporation shall give notice in writing to an auditor of his appointment forthwith after the appointment is made. ^{Notice of appointment}
- (10) A person, other than an incumbent auditor, may not be appointed auditor at an annual meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the corporation not less than fifteen days before the meeting at which the auditor is to be appointed and where such notice is given the corporation shall send a copy of the notice to the incumbent auditor and ^{Notice to auditor of proposal to appoint another}

to the person whom it is intended to nominate and shall give notice thereof to the shareholders in the manner specified in section 20.

Right of
incumbent
auditor to
make rep-
resentations

- (11) The incumbent auditor has the right to make to the corporation, three days or more before the mailing of the notice of the meeting, representations in writing concerning the proposal not to reappoint him as auditor, and the corporation, at its expense, shall forward with the notice of the meeting, a copy of such representations to each shareholder entitled to receive notice of the meeting.

Inter-
pretation

67.—(1) In this section, “related person” means,

- (a) any spouse, son or daughter of that person;
- (b) any relative of such person or of his spouse, other than a relative referred to in clause *a*, who has the same home as such person; or
- (c) any body corporate of which such person and any of the persons referred to in clause *a* or *b* or the partner or employer of such person, either alone or in combination, beneficially owns, directly or indirectly, equity shares carrying more than 50 per cent of the voting rights attached to all equity shares of the body corporate for the time being outstanding.

Who may
be auditor

- (2) An auditor of a registered corporation shall be an accountant.

Persons
disqualified
as auditors

- (3) No person shall be appointed auditor of a registered corporation if he or any member of his firm is a shareholder, director, officer or employee of such corporation, or of any company in which such corporation has invested its funds under section 138*a* or 140*a*.

Auditor
appoint-
ment

- (4) A registered corporation shall, where possible, cause its auditor or one of its auditors to be appointed auditor of any company in which such corporation has invested its funds under section 138*a* or 140*a* and where such appointment is not possible the corporation shall inform the Registrar of the circumstances that prevent such appointment.

Applica-
tion of
subs. 3

- (5) Subsection 3 does not apply to a person, partner, employer or related person who is not empowered to

decide whether securities of the registered corporation or its holding company, as the case may be, are to be beneficially owned, directly or indirectly, by him, or if he is not entitled to vote in respect thereof.

- (6) Where, on the date this section comes into force, an ^{Idem} auditor or his partner, employer or related person owns securities as set out in subsection 3, notwithstanding subsection 3, he may for a period of two years from the date this section comes into force continue to act as auditor if he discloses in the report required under subsection 2 of section 68 that he or his partner, employer or related person so owns such securities but, at the expiration of such period he shall cease to act as auditor unless he or his partner, employer or related person, as the case may be, has disposed of such securities.
- (7) No person shall be appointed a receiver or a receiver ^{Auditors not to be appointed receivers, etc.} and manager or liquidator of any registered corporation of which he or a related person is the auditor or has been auditor within the two years preceding his appointment as receiver or receiver and manager or liquidator.
- (8) No person who is appointed a trustee of the estate ^{Trustee in bankruptcy not to be appointed auditor R.S.C. 1952, c. 14} of a registered corporation under the *Bankruptcy Act* (Canada) or a related person shall be appointed or act as auditor of the registered corporation.
- 68.—(1) The auditor shall make such examination ^{Auditor's examination} as will enable him to make the reports required under subsection 2.
- (2) The auditor of a registered corporation shall make ^{Auditor's reports} reports,
- (a) to the shareholders on the financial statement of the corporation referred to in sections 20 and 69; and
- (b) to the Registrar on the annual statement filed with the Registrar under section 152.
- (3) In the reports required by subsection 2, the auditor ^{Idem} shall state,
- (a) whether he has obtained all the information and explanations he has required;

(b) whether in the opinion of the auditor the financial statement presents fairly the financial position of the corporation as at the date of the balance sheet included therein and the results of the operations of the corporation for the financial period ended on that date; and

(c) whether the financial statements are in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, if any,

in accordance with the information he has obtained and the explanations given to him and as shown by the books of the corporation.

Qualified
report

(4) When the opinion expressed in a statement under subsection 2 is not an unqualified opinion, the auditor shall state in his report the reasons therefor.

Facts
discovered
after
statement

(5) Where facts come to the attention of the officers or directors which, if known prior to the date of the last annual general meeting of shareholders, would have required a material adjustment to the financial statement presented to such meetings, the officers or directors shall communicate such facts to the auditor who reported to the shareholders under this section and the directors shall forthwith amend the financial statement and send it to the auditor.

Amendment
of auditor's
report

(6) On the receipt of facts furnished under subsection 5 or from any other source, the auditor shall, if in his opinion it is necessary, amend his report in respect of the financial statement in accordance with subsection 4 and the directors or, if they fail to do so within a reasonable time, the auditor shall mail such amended report to the shareholders.

Auditor's
statement

(7) The auditor in his reports shall make such statements as he considers necessary,

(a) if the corporation's financial statement or annual statement is not in agreement with its accounting records;

(b) if the corporation's financial statement or annual statement is not in accordance with

any requirements of this Act or as prescribed by the Registrar; or

- (c) if proper accounting records have not been kept so far as appears from his examination.
- (8) The auditor of a corporation has right of access at ^{Right of access, etc.} all times to all records, documents, accounts and vouchers of the corporation and is entitled to require from the directors, officers and employees of the corporation such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2.
- (9) The auditor of a corporation has right of access ^{Idem} at all times to all records, documents, accounts and vouchers of all subsidiaries of the corporation and is entitled to require from the directors, officers and employees of each such subsidiary such information and explanations as in his opinion are necessary to enable him to report as required by subsection 2.
- (10) Where a subsidiary of the corporation is a body ^{Idem} corporate to which this Act does not apply, the holding corporation shall make available to its auditor the records, documents, accounts and vouchers of that subsidiary, and shall require the directors, officers and employees of that subsidiary to make available to its auditor the information and explanations required by subsection 8.
- (11) The auditor of a corporation is entitled to attend any ^{Auditor's right to attend meetings} meeting of the shareholders of the corporation, to receive all notices and other communications relating to any such meeting that a shareholder is entitled to receive and to be heard at any such meeting that he attends on any part of the business that concerns him as auditor.
- (12) Any shareholder of a corporation, whether or not ^{Shareholder may require auditor's attendance at shareholders meetings} he is entitled to vote at meetings of shareholders, may, by notice in writing to the corporation given five days or more before any meeting of shareholders, require the attendance of the auditor at such meeting at the corporation's expense, and in such event the auditor shall attend the meeting.
- (13) At any meeting of shareholders the auditor, if present, ^{Auditor may attend shareholders meetings} shall answer inquiries directed to him concerning the

basis upon which he formed the opinion stated in the report made under subsection 2.

Registrar
may
enlarge
scope

- (14) The Registrar may direct that the scope of the annual audit of a corporation be enlarged or extended and may appoint for such purpose an accountant as an auditor of the corporation and the expenses incurred by reason of such appointment are payable by the corporation.

Annual
financial
statement

- 69.—(1) The directors shall lay before each annual meeting of shareholders,

(a) a financial statement for the period that commenced on the date of incorporation and ended not more than six months before the annual meeting or, if the corporation has completed a financial year, that commenced immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, as the case may be, made up of,

(i) a statement of profit and loss for such period,

(ii) a statement of retained earnings, or surplus for such period,

(iii) a statement of general reserve,

(iv) a statement of accumulated reserves for investments,

(v) a balance sheet as at the end of such period,

and if the Registrar so directs, showing in each case the corresponding figures for the last preceding financial period of the corporation;

(b) the report of the auditor to the shareholders;

(c) such further information respecting the financial position of the corporation, as its letters patent, supplementary letters patent, or by-laws, require.

Form

- (2) The Lieutenant Governor in Council may make regulations prescribing the form and content of the financial statement required under subsection 1.

- (3) The report of the auditor to the shareholders shall be read at the annual meeting and shall be open to inspection at the meeting by any shareholder. Auditor's report to be read
- (4) The financial statement shall be approved by the board of directors and the approval shall be evidenced by the signature at the foot of the balance sheet by two of the directors duly authorized to sign and the auditor's report shall be attached to or accompany the financial statement. Approval by directors
- (5) A corporation shall, at least ten days before the date of the annual meeting of the shareholders, send by prepaid mail to each shareholder entitled to notice of the meeting at his latest address shown on the records of the corporation a copy of the financial statement and a copy of the auditor's report. Copy to shareholders
- (6) A copy of the financial statement and auditor's report shall be mailed or delivered without charge to any holder of a debenture or guaranteed investment certificate of the corporation or to any depositor of the corporation who requests the same. Copy to debenture holders

16. Section 70 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 70, re-enacted

- 70. Sections 71 to 76 apply to every loan corporation incorporated under the law of Ontario or having its head office in Ontario and also to every loan corporation borrowing in Ontario by taking deposits or issuing debentures or like obligations. Application of ss. 71-76

- 70a.—(1) The directors of a corporation shall elect annually from among their number a committee to be known as the audit committee to be composed of not fewer than three directors, of whom the majority shall not be officers or employees of the corporation or an affiliate of the corporation, to hold office until the next annual meeting of the shareholders. Audit committee
- (2) The members of the audit committee shall elect a chairman from among their number. Chairman
- (3) The corporation shall submit the financial statement to the audit committee for its review and the financial statement shall thereafter be submitted to the board of directors. Review

Hearing of
auditor

- (4) The auditor has the right to appear before and be heard at any meeting of the audit committee and shall appear before the audit committee when required to do so by the committee.

Idem

- (5) Upon the request of the auditor, the chairman of the audit committee shall convene a meeting of the committee to consider any matter the auditor believes should be brought to the attention of the directors or shareholders.

R.S.O. 1960,
c. 222, s. 71,
re-enacted

17.—(1) Section 71 of *The Loan and Trust Corporations Act*, as amended by section 5 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Amount of
capital
subscribed
and paid in
before
borrowing

- 71.—(1) No loan corporation shall exercise any of the borrowing powers conferred by this Act unless and until it has a capital paid in and unimpaired of at least \$1,000,000.

Borrowing
powers

- (2) Subject to the qualifications, limitations and restrictions contained in this Act, a registered loan corporation, if authorized by by-law, may,

(a) borrow money by way of loan or on deposit at such rates of interest and upon such terms as the directors may from time to time determine;

(b) issue debentures, bonds and other securities to evidence any such borrowing; and

(c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the corporation present or future, including book debts and unpaid calls, rights, powers, franchises and undertaking, to secure any such debentures, bonds or other securities or any money borrowed.

Confirming
by-law

- (3) No by-law for any of the purposes mentioned in subsection 2 takes effect unless such by-law,

(a) has been passed by the affirmative vote of the holders of two-thirds of the shares for the time being carrying voting rights and present or represented by proxy at a general meeting of the shareholders of the corporation duly called to consider such by-law; or

- (b) has been passed by the directors and confirmed at a general meeting of the shareholders of the corporation duly called to consider such by-law by resolution passed by the affirmative vote of the holders of at least two-thirds of the shares for the time being carrying voting rights present or represented by proxy at such meeting.

(2) Subsection 1 does not apply to a loan corporation that was registered before the 1st day of January, 1968. Application of subs. 1

18. Sections 72 and 73 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor: R.S.O. 1960, c. 222, ss. 72, 73, re-enacted

72. Subject to the terms and conditions of any charge, mortgage, hypothec or pledge given by a registered loan corporation to secure any particular borrowing, the holders of deposits and the holders of debentures, bonds or other securities rank *pari passu* on the assets of such corporation and are ordinary creditors thereof. Ranking of holders of deposits and debentures

73. Debentures, bonds or other securities of a registered loan corporation shall, Denomination and term of debentures

(a) be for such individual amounts not less than \$100;

(b) be payable in such currency and at such place;

(c) mature on such date not less than one year from the date of issue thereof;

(d) bear such rate of interest; and

(e) in all other respects be in such form and terms,

as the directors of the corporation shall from time to time determine.

19.—(1) Clauses *a*, *b* and *c* of subsection 1 of section 74 of *The Loan and Trust Corporations Act*, as re-enacted by section 6 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 3 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 74 (1966, c. 81, s. 6), subs. 1, cls a, b, c, re-enacted

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*; and

R.S.O. 1960,
c. 222,
s. 74
(1966, c. 81,
s. 6),
subs. 2,
cls. *a, b*,
re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 74 are repealed and the following substituted therefor:

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks, or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

R.S.O. 1960,
c. 222,
s. 75,
re-enacted

20. Section 75 of *The Loan and Trust Corporations Act*, as amended by section 1 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor:

Limit on
borrowing

75. The total amount borrowed by a registered loan corporation, by way of the issue of debentures, bonds or other securities and by way of deposits shall not at any time exceed an amount equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be borrowed by such corporation to an amount not exceeding twenty times the aggregate of such unimpaired capital and reserve; and

- (b) prescribe the portion of the total amount that may be borrowed by such corporation that may be borrowed by way of deposits.

21. *The Loan and Trust Corporations Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 222
amended

- 78a.—(1) In this section, “pooled trust fund” means a Pooled trust
fund defined
trust fund maintained or operated by a trust company in which moneys belonging to various participants are combined for the purpose of investment and entitling the participant to receive on demand, or after a specified period after demand, an amount computed by reference to the value of a proportionate interest in the assets of such trust fund, but does not include a trust fund operated where participation is limited to less than fifty persons.
- (2) The assets of a pooled trust fund shall be held and Trust
document
managed in trust under a trust document for the purpose that complies with the regulations made under subsection 8.
- (3) No trust company shall offer to any person, units or Filing of
trust
document
other interests in a pooled trust fund until there has been filed with the Registrar the form of the documents evidencing the trust and such other material as to the reporting to participants, advertising, and training of personnel as the Registrar requires in respect of such offering and a receipt therefor has been obtained from the Registrar.
- (4) The Registrar may, when in his opinion such action Information
folder and
delivery to
prospective
purchaser
is in the public interest, require a trust company to file with him an information folder in the form prescribed by the regulations with respect to a pooled trust fund and no application or moneys for participation in the pooled trust fund shall be received by the trust company from a prospective purchaser until the trust company has delivered to the prospective purchaser a copy of the information folder that has been filed and the trust company shall obtain from each prospective purchaser with his application a statement in writing acknowledging that he has received a copy of the information folder.
- (5) The information folder shall provide brief and plain Form of
information
folder
disclosure of all material facts relating to the pooled trust fund, shall comply as to form and content with the requirements of the regulations and shall be

so certified by the president, vice-president, or managing director or other director appointed for such purpose and by the secretary or manager of the trust company.

New
information
folders

(6) A trust company that has filed an information folder in respect of a pooled trust fund shall, as long as the trust company continues to offer participation in the pooled trust fund, file with the Registrar, a copy of a new information folder in respect of its contracts,

(a) forthwith upon any material changes in any facts set out in the information folder filed in respect of such pooled trust fund; and

(b) within one year and one month after the date of the latest information folder filed with the Registrar in respect of such pooled trust fund.

Prohibition
order

(7) When it appears to the Registrar that,

(a) the information folder, or any other document filed with the Registrar by a trust company under this Act or the regulations,

(i) fails to comply in any substantial respect with the requirements of this Act or the regulations,

(ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or

(iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it is made; or

(b) the condition or method of operation of the trust company in connection with its pooled trust fund will render its operations hazardous to the public or to its participants in Ontario,

the Registrar shall report the same to the Minister and the Minister, if he concurs in the report and after hearing the trust company, may order the Registrar to prohibit the trust company from continuing to offer participation in such pooled trust fund.

(8) The Lieutenant Governor in Council may make Regulations regulations,

- (a) prescribing the form and content of the trust instrument establishing a pooled trust fund;
- (b) prescribing investment restrictions and reserves in respect of pooled trust funds;
- (c) prescribing the form and content of information folders;
- (d) prescribing the qualifications and training of persons who may sell interests in pooled trust funds;
- (e) governing the furnishing of information and advertising to the public in connection with a pooled trust fund;
- (f) requiring trust companies to furnish the Registrar with such information, returns and reports respecting pooled trust funds as is prescribed.

22. Section 79 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 79,
re-enacted

- 79.—(1) A provincial trust company does not have power to borrow money by taking deposits or by issuing debentures.
- (2) A provincial trust company may borrow money and charge, mortgage, hypothecate or pledge all or any of the real or personal property, present or future, of the company other than property deemed by this Act to be held by the company as trustee or received for investment under sections 80 and 82, to secure any moneys so borrowed.

Trust
companies
not to
borrow by
accepting
deposits

Trust
companies
may
borrow on
its own
funds

23. Section 81 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222, s. 81,
repealed

24. Section 82a of *The Loan and Trust Corporations Act*, as enacted by section 2 of *The Loan and Trust Corporations Amendment Act, 1965*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 82a (1965,
c. 61, s. 2),
re-enacted

- 82a.—(1) The total of the moneys received by a registered trust company as deposits under section 80 and for investment under section 82 or borrowed under section 79 shall not at any time exceed an amount

Limit on
guaranteed
funds

equal to four times the aggregate of its unimpaired capital and reserve, but the Lieutenant Governor in Council may, on the report of the Registrar and on such terms and conditions as are prescribed in the order in council,

- (a) increase the total amount that may be so received by such company to an amount not exceeding twenty times the aggregate of such capital and reserve; and
- (b) prescribe the portion of the total amount that may be so received or borrowed by such company that may be received by way of deposits.

Deduction to be made in estimating the paid in capital

- (2) In ascertaining the amounts that may be received or borrowed by a trust company under subsection 1, all loans or advances to its shareholders upon the security of their shares shall be deducted from the amount of the unimpaired capital.

Pledge of securities to Canada Deposit Insurance Corporation

- 82b. Notwithstanding anything in this Act, a trust company may, with the approval of the Registrar, hypothecate, mortgage or pledge the cash and securities ear-marked and set aside under sections 80 and 81 of this Act to the Canada Deposit Insurance Corporation for a loan from that Corporation.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 1, cls. a, b, c, re-enacted

25.—(1) Clauses *a*, *b*, and *c* of subsection 1 of section 84 of *The Loan and Trust Corporations Act*, as re-enacted by section 7 of *The Loan and Trust Corporations Amendment Act, 1966*, and amended by subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1968*, are repealed and the following substituted therefor:

- (a) cash on hand or on deposit in a chartered bank or other depository approved by the Registrar;
- (b) unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by any province of Canada;
- (c) loans payable on demand and fully secured by securities referred to in clause *b*.

R.S.O. 1960, c. 222, s. 84 (1966, c. 81, s. 7), subs. 2, cls. a, b re-enacted

(2) Clauses *a* and *b* of subsection 2 of the said section 84 are repealed and the following substituted therefor:

- (a) at least 25 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in three years or less; and
- (b) at least 50 per cent shall be maintained in cash on hand or on deposit in a chartered bank or other depository approved by the Registrar and in unencumbered debentures, bonds, stocks or other securities of or guaranteed by the Government of Canada, maturing in ten years or less.

26. Subsection 1 of section 97 of *The Loan and Trust Corporations Act* is amended by striking out "or loaning land corporation" in the first and second lines and in the fourth line, so that the subsection shall read as follows:

R.S.O. 1960,
c. 222, s. 97,
subs. 1,
amended

- (1) Any registered loan corporation may unite, merge, amalgamate and consolidate its stock, property, business and franchises with those of any other loan corporation in Canada, or may purchase the assets of any such corporation, or may sell its assets to any registered corporation, and for the purpose of carrying out such purchase or sale the purchasing corporation shall assume the liabilities of the vendor corporation, and may enter into such bond or agreement of indemnity with the corporation or the individual shareholders thereof, or both, as may be necessary, and the corporations may enter into the contracts and agreements necessary to such union, merger, amalgamation, consolidation, sale or purchase.

Power to
unite with
other
corporations
and to
purchase or
sell assets

27. Section 99 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222, s. 99,
re-enacted

99. At each of the meetings of shareholders the agreement or offer shall be considered, and if at each meeting the holders of at least 50 per cent of the issued shares of the corporation for the time being carrying voting rights are present in person or represented by proxy and the agreement or offer is ratified or accepted by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting, that fact shall be certified upon the agreement or offer by the secretary or manager of each corporation under the seal of such corporation.

Proceedings
to ratify
agreement

R.S.O. 1960,
c. 222,
s. 102,
subs. 5,
repealed

28. Subsection 5 of section 102 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 105,
subs. 2, 3, 4,
re-enacted

29.—(1) Subsections 2, 3 and 4 of section 105 of *The Loan and Trust Corporations Act* are repealed and the following substituted therefor:

Business
and property
vested in
amalgamated
corporation

(2) From the date of the assent, all the business and real and personal property, and all the rights and incidents appurtenant thereto, all stock, mortgages and other securities, subscriptions and other debts due, and other things in action belonging to each of the amalgamating corporations are vested in the amalgamated corporation without further act or deed.

Creditors'
rights

(3) All rights of creditors and liens upon the property of each of the amalgamating corporations are unimpaired by the amalgamation.

Debts and
liabilities

(4) All debts, liabilities and duties of each of the amalgamating corporations attach to the amalgamated corporation from the date of the assent and may be enforced against it to the same extent as if they had been incurred or contracted by it.

R.S.O. 1960,
c. 222,
s. 105,
subs. 5
(1960-61,
c. 48, s. 2,
subs. 2),
re-enacted

(2) Subsection 5 of the said section 105, as enacted by subsection 2 of section 2 of *The Loan and Trust Corporations Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Charter

(5) Where the amalgamated corporation is to continue as a provincial corporation, the Lieutenant Governor shall, by letters patent, issue to the amalgamated corporation a charter, as at the date of the assent, confirming the amalgamation agreement and continuing the amalgamated corporation as if it had been incorporated under this Act.

To permit
continuation
of amalga-
mated
company
under
another
jurisdiction

(6) Where the amalgamated corporation is to continue as other than a provincial corporation and one or more, but not all, parties to the amalgamation agreement are provincial corporations, the parties to the amalgamation agreement may apply to the proper officer of the jurisdiction of continuation specified in the amalgamation agreement for an instrument amalgamating and continuing them as an amalgamated corporation under the laws of that jurisdiction and as incidental thereto a provincial corporation may apply for letters patent or other instrument continuing it as if it had been incorporated under the laws of that jurisdiction.

30. Subsection 1 of section 106 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 222,
s. 106,
subs. 1
re-enacted

- (1) In addition to its powers under section 97, a registered loan corporation may, for the purpose of either acquiring the assets of any other loan corporation in Canada or uniting, merging or amalgamating with any such corporation under sections 97 to 105, purchase not less than 67 per cent of the outstanding shares of any such corporation, subject to the following:

Acquisition
or amalga-
mation by
registered
loan
corporation
by purchase
of shares

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.

2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar supported by evidence that,

(a) an offer to purchase has been accepted,

(i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation, or

(ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such corporation at a general meeting of the shareholders thereof; and

(b) the purchase has been submitted to a general meeting of the shareholders of the purchasing corporation at which the holders of at least 50 per cent of the issued shares of such corporation for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.

3. The power to purchase shares under this section is in addition to the powers set forth

in section 137, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.

4. Where a corporation has purchased shares under this section, it shall within a period of two years after the purchase has been authorized by the Lieutenant Governor in Council proceed under sections 97 to 105 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other corporation, but the Lieutenant Governor in Council, on being satisfied that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing corporation in the annual report prepared by the Registrar for the Minister, and the Registrar may direct the corporation to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 108,
subs. 1
re-enacted

31. Subsection 1 of section 108 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Acquisition
or amalga-
mation by
registered
trust
company by
purchase of
shares

- (1) In addition to its powers under section 107, a registered trust company may, for the purpose of either acquiring the assets of any corporation in Canada or uniting, merging or amalgamating with any other trust company in Canada under section 107, purchase not less than 67 per cent of the outstanding shares of any such corporation or trust company, subject to the following:

1. No such purchase shall be made unless authorized by the Lieutenant Governor in Council.
2. The Lieutenant Governor in Council may authorize such purchase on the report of the Registrar, supported by evidence that,

(a) an offer to purchase has been accepted,

- (i) in writing by the holders of at least 67 per cent of the outstanding shares of such other corporation or trust company, or

- (ii) by resolution or resolutions carried by the affirmative vote of the holders of at least 67 per cent of the outstanding shares of each class of such other corporation or trust company at a general meeting of the shareholders thereof; and
 - (b) the purchase has been submitted to a general meeting of the shareholders of the registered trust company at which the holders of at least 50 per cent of the issued shares of such company for the time being carrying voting rights are present in person or represented by proxy and the purchase is approved by resolution carried by the affirmative vote of the holders of at least three-fourths of the shares represented at such meeting.
3. The power to purchase shares under this subsection is in addition to the powers that a registered trust company has under section 139, and the limitations and provisos contained in section 142 do not apply to any such purchase of shares.
 4. Where a trust company has purchased shares under this section it shall within a period of two years after such purchase has been authorized by the Lieutenant Governor in Council proceed under section 107 either to acquire the assets and assume the duties, obligations and liabilities of the other corporation or to unite, merge or amalgamate with such other trust company, but the Lieutenant Governor in Council, on being satisfied, that the circumstances so warrant, may extend such period from time to time and, after the expiration of such period and any such extension thereof, the shares so purchased shall not be allowed as assets of the purchasing trust company in the annual report prepared by the Registrar for the Minister, and the Registrar may direct such trust company to sell or otherwise absolutely dispose of such shares.

R.S.O. 1960,
c. 222,
s. 109,
subs. 3,
re-enacted

32. Subsection 3 of section 109 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Protection
from
personal
liability

- (3) No action or other proceeding for damages shall be instituted against the Registrar or assistant registrar, or anyone acting under the authority of the Registrar or assistant registrar, for any act done in good faith in the execution or intended execution of his duty or for any alleged neglect or default in the execution in good faith of his duty.

R.S.O. 1960,
c. 222,
s. 111,
subs. 1,
amended

33. Subsection 1 of section 111 of *The Loan and Trust Corporations Act* is amended by adding "and" at the end of clause *a* and by striking out clause *b*.

R.S.O. 1960,
c. 222,
s. 114,
subs. 3,
re-enacted

34.—(1) Subsection 3 of section 114 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Special
audits

- (3) Where,

- (a) a corporation is three months in default in the delivery of the annual statement required by section 152; or
- (b) for eighteen consecutive months there has been no audit of the books and accounts of the corporation; or
- (c) there is filed with the Registrar a requisition for audit bearing the signatures and addresses of at least twenty-five shareholders of the corporation holding shares upon which not less than \$10,000 in the aggregate has been paid in, alleging specific fraudulent or illegal acts or repudiation of contracts or alleging that the accounts of the corporation have been materially and wilfully falsified and accompanied by a deposit of \$1,000 or such other sum as the Registrar fixes as security for the cost of the audit,

the Registrar may appoint an accountant who shall under his direction make a special audit of the books, accounts and securities of the corporation and make to the Registrar a written report thereon.

(2) Subsection 8 of the said section 114 is amended by striking out "66" in the fifth line and inserting in lieu thereof "68". R.S.O. 1960,
c. 122,
s. 114,
subs. 8,
amended

(3) Subsections 9 and 10 of the said section 114 are repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 114,
subss. 9, 10,
re-enacted

(9) If the report of the special auditor appears to the Registrar to disclose fraudulent or illegal acts or repudiation of contracts or that the accounts of the corporation have been materially and wilfully falsified, he shall notify the corporation accordingly and furnish to it a copy of the report and the corporation shall within two weeks thereafter file a statement with the Registrar replying to such report. Report of
special
auditor

(10) Upon consideration of the report and the corporation's statement in reply and such further evidence, documentary or oral, as he may require, the Registrar shall by a decision in writing continue, suspend or cancel the registry of the corporation or impose such terms or conditions upon the registry of the corporation, as he considers appropriate. Registrar's
decision

35. Subsection 8 of section 115 of *The Loan and Trust Corporations Act* is repealed. R.S.O. 1960,
c. 222,
s. 115,
subs. 8,
repealed

36. Section 117a of *The Loan and Trust Corporations Act*, as enacted by section 8 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor: R.S.O. 1960,
c. 222,
s. 117a,
(1966, c. 81,
s. 8),
re-enacted

117a.—(1) The Registrar may address any inquiries to a registered corporation or to the president, manager or secretary thereof for the purpose of ascertaining its condition and ability to meet its obligations or as to the conduct of its business and it is the duty of any corporation or officer so addressed to reply promptly in writing to any such inquiry. Inquires by
Registrar

(2) The Registrar may require a corporation to forward a copy of any letter addressed to the corporation by the Registrar and any answer thereto to each director of the corporation and upon such requirement being made the president of the board of directors shall instruct the secretary of the corporation to include a copy of such letter and the answer thereto in the minutes of the meeting of the directors next following the requirement of the Registrar. Notice to
directors

Answers
may be
included in
Registrar's
annual
report

- (3) The Registrar may, in his discretion, embody in his annual report to the Minister the inquiries and requirement made by him under this section and the answers thereto.

R.S.O. 1960,
c. 222,
amended

37. *The Loan and Trust Corporations Act* is amended by adding thereto the following sections:

Assets
not
accounted
for

- 118a.—(1) Where it comes to the attention of the Registrar that a provincial corporation may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Registrar is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such corporation and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 118b.

Release of
assets

- (2) The Registrar may release any assets under his possession and control that he considers advisable for the purposes of the corporation.

Report
to Minister

- 118b.—(1) Where the Registrar is of the opinion that the assets of a provincial corporation are not sufficient to meet its liabilities in respect of moneys received in trust or borrowed he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the corporation to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Registrar under subsection 1, the Minister may do one or both of the following,

(a) make the corporation's registry subject to such limitations or conditions as he considers appropriate;

(b) prescribe a time within which the corporation shall make good any deficiency of assets.

Subsequent
action

- (3) If the corporation fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension

thereof subsequently given by the Minister, the Minister shall submit the report of the Registrar to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Registrar to take possession and control of the assets of the corporation and the Registrar shall deliver a copy of the order to an officer of the corporation.

- (4) For the purposes of this section, the Minister may ^{Appointment of appraisers} appoint such persons as he considers necessary to value and appraise the assets and liabilities of the corporation and report upon its condition and its ability, or otherwise, to meet its liabilities.

118c.—(1) If so ordered by the Lieutenant Governor in Council under section 118b, the Registrar shall take ^{Power of Registrar upon taking control} possession and control of the assets of a provincial corporation and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Registrar has all the powers of the board of directors of the corporation, and, without limiting the generality of the foregoing, the Registrar may,

- (a) exclude the directors, officers, servants and agents of the corporation from the premises, property and business of the corporation; and
- (b) carry on, manage and conduct the operations of the corporation and in the name of the corporation preserve, maintain, realize, dispose of and add to the property of the corporation, receive the incomes and revenues of the corporation and exercise all the powers of the corporation.

- (2) While the Registrar has possession and control of the assets of a corporation under this section, the Minister may direct the Registrar to apply to the court for an order for the winding up of the corporation under Part VII of *The Corporations Act*. ^{Application to court} R.S.O. 1960, c. 71

- (3) Where the Registrar is in possession and control of the assets of a corporation and is conducting its business, he may appoint one or more persons to manage and operate the business of the corporation, and, ^{Appointment of managers}

- (a) each person so appointed is a representative of the Registrar; and

- (b) the remuneration of any such person, other than an employee of the office of the Registrar, shall be fixed by the Minister.

Relinquish-
ing control

- (4) Whenever the Minister believes that a corporation, the assets of which are in the possession and control of the Registrar, meets all the requirements of this Act and that it is otherwise proper for the corporation to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Where
rehabilitation
efforts futile

- (5) If the Minister, on the report of the Registrar, considers that further efforts to rehabilitate a corporation, the assets of which are in the possession and control of the Registrar, would be futile, he may, in writing, direct the Registrar to relinquish to the corporation the possession and control of its assets, and from and after the date specified in such direction the powers of the Registrar under this section cease.

Expenses of
proceedings

- (6) The expenses of the Registrar incurred in rehabilitation proceedings under this section and sections 118*a* and 118*b* shall be paid,

(a) where the corporation that is the subject of the proceedings is a loan corporation, by all loan corporations; or

(b) where the corporation that is the subject of the proceedings is a trust company, by all trust companies,

and the share of each shall be in the same proportion as its total net income earned in Ontario in its last preceding fiscal year bears to the total net income earned in Ontario of all loan corporations or trust companies, as the case may be, in the last preceding fiscal year of each.

Advisory
committee

- (7) The corporations required to bear the said expenses of the Registrar may appoint a committee of not more than six members to advise the Registrar in

respect of all matters pertinent to the rehabilitation of the corporation whose assets are in the possession and control of the Registrar.

- 118*d*.—(1) Notwithstanding section 118*c*, a provincial cor-^{Appeal}poration may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 118*b* within thirty days after the delivery of a copy of the order to an officer of the provincial corporation, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.
- (2) An order of the Lieutenant Governor in Council^{Stay} under section 118*b* shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.
- (3) The Minister shall certify to the Registrar of the^{Material on appeal} Supreme Court,
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Registrar to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Registrar, the Minister or the Lieutenant Governor in Council.
- (4) The Minister is entitled to be heard, by counsel or<sup>Representa-
tion</sup> otherwise, upon the argument of an appeal under this section.
- (5) Where an appeal is taken under this section, the^{Order} judge may by order direct the Registrar to take such action as the judge considers proper or refrain from taking any action specified in the order and the Registrar shall act accordingly.
- (6) The order of the judge is final and there is no appeal<sup>Further
decision</sup> therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section.

R.S.O. 1960,
c. 222,
s. 123,
subs. 1,
amended

38.—(1) Subsection 1 of section 123 of *The Loan and Trust Corporations Act* is amended by striking out “and loaning land corporations” in the fifth line, so that the subsection, exclusive of the paragraphs, shall read as follows:

What
admissible
to registry

- (1) Trust companies whose powers do not include that of buying and selling land as beneficial owner except as authorized by this Act and do not exceed the powers that are conferred upon trust companies under this Act, loan corporations that are solvent and fall within one of the following classes, may, upon due application, be admissible to registry:

.

R.S.O. 1960,
c. 222,
s. 123,
subs. 3,
re-enacted

(2) Subsection 3 of the said section 123 is repealed and the following substituted therefor:

Registry
on terms

- (3) Upon the application for registration of a corporation, other than a provincial corporation, the Registrar may recommend to the Minister that the corporation be admitted to registry on terms and conditions and the Minister, if he so approves, may direct that the corporation be admitted to registry on such terms and conditions as he prescribes.

R.S.O. 1960,
c. 222,
s. 128,
repealed

39. Section 128 of *The Loan and Trust Corporations Act* is repealed.

R.S.O. 1960,
c. 222,
s. 133,
subs. 1,
amended

40. Subsection 1 of section 133 of *The Loan and Trust Corporations Act* is amended by striking out “or of a loaning land corporation” in the fourth and fifth lines, so that the subsection shall read as follows:

No
unregistered
corporation
to
undertake
business

- (1) No incorporated body or person acting in its behalf, other than a registered corporation and a person duly authorized by it to act in its behalf, shall undertake or transact in Ontario the business of a loan corporation or of a trust company.

R.S.O. 1960,
c. 222,
s. 137,
subs. 1,
re-enacted

41.—(1) Subsection 1 of section 137 of *The Loan and Trust Corporations Act*, as amended by section 3 of *The Loan and Trust Corporations Amendment Act, 1960-61*, subsections 1, 2 and 3 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 1 and 2 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965*, and subsection 1 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Mortgages

- (1) A registered loan corporation may purchase or invest in,

- (a) ground rents, mortgages, charges or hypothecs ^{mortgages} upon improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount paid for the mortgage, charge or hypothec, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the purchase or investment is made, shall not exceed three-quarters of the value of the real estate or leasehold to which the mortgage, charge or hypothec relates;
- (b) mortgages, charges or hypothecs upon im- ^{N.H.A.}proved real estate or leaseholds in Canada, ^{mortgages} notwithstanding that the amount paid for the mortgage, charge or hypothec exceeds three-quarters of the value of the real estate or leasehold, if the loan for which the mortgage, charge or hypothec is security is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada); ¹⁹⁵³⁻⁵⁴
^{c. 23 (Can.)}
- (c) mortgages, charges or hypothecs on improved ^{insured} real estate or leaseholds in Canada or in any ^{mortgages} country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest if the excess is guaranteed or insured by or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada) or *The Insurance Act* or similar legislation of ^{R.S.C. 1952,}
^{cc. 31, 125} any province or territory of Canada; ^{R.S.O. 1960,}
^{c. 190}
- (d) mortgages or assignments of such life insur- ^{mortgages}ance policies as have at the date of the pur- ^{and}chase or investment an ascertained cash ^{assignments}surrender value admitted by the insurer; ^{of life}
^{insurance}
^{policies}

Government
bonds

- (e) the debentures, bonds, stock or other securities of or guaranteed by the Government of Canada or of or guaranteed by the government of any province of Canada, or of or guaranteed by the government of the United Kingdom, or of any of Her Majesty's dominions, colonies or dependencies, or of any state forming part of any such dominion, colony or dependency, or of or guaranteed by any foreign country or state forming part of such foreign country where the interest on the securities of such foreign country or state has been paid regularly for the previous ten years, or of any municipality or school corporation in Canada or elsewhere where the corporation is carrying on business, or guaranteed by any municipal corporation in Canada, or secured by rates or taxes levied under the authority of the government of any province of Canada on property situated in such province and collectable by the municipalities in which the property is situated;

bonds, etc.,
issued or
guaranteed
by the
Inter-
national
Bank, etc.

- (f) the bonds, debentures or other securities issued or guaranteed by,
- (i) the International Bank for Reconstruction and Development,
 - (ii) Inter-American Development Bank or by Asian Development Bank, or
 - (iii) the government of any country in which the corporation is carrying on business or a province or state thereof;

bonds
secured by
trust deed

- (g) the bonds, debentures, debenture stock, notes or other securities of any company that are secured by a mortgage or hypothec to a trust company either singly or jointly with another trustee upon improved real estate of such company or other assets of such company of the classes mentioned in clauses *a*, *b*, *c*, *d* and *e*;

federal
subsidy
bonds

- (h) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that the Government

of Canada has agreed to make, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity;

- (i) the bonds or debentures of a company or institution incorporated in Canada that are secured by the assignment to a trust company in Canada of payments that are payable, by virtue of an Act of a province of Canada, by or under the authority of the province, if such payments are sufficient to meet the interest as it falls due on the bonds or debentures outstanding and to meet the principal amount of the bonds or debentures upon maturity; <sup>provincial
subsidy
bonds</sup>
- (j) obligations or certificates issued by a trustee to finance, for a company incorporated in Canada or for a company owned or controlled by a company so incorporated, the purchase of transportation equipment to be used on railways or public highways, if the obligations or certificates are fully secured by, <sup>transporta-
tion
equipment
security</sup>
 - (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and
 - (ii) a lease or conditional sale thereof by the trustee to the company;
- (k) the bonds, debentures or other evidences of indebtedness of or guaranteed by, ^{debentures}
 - (i) any company if, at the date of investment, the preferred shares or the common shares of the company are authorized as investments by clause *l* or *m*, or
 - (ii) any company where the earnings of the company in a period of five years ending less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least $1\frac{1}{2}$ times the annual interest requirements at the date of investment on all indebtedness

of or guaranteed by it other than indebtedness classified as a current liability in the balance sheet of the company, and if the company at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another company, the earnings of the companies during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the companies shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the company; and for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

preferred
shares

(l) the preferred shares of a company where the company has paid,

(i) a dividend in each of the five years immediately preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

(ii) if the common shares of the company are, at the date of investment, authorized as investments by clause *m*;

common
shares

(m) the fully paid common shares of a company that during a period of five years that ended less than one year before the date of purchase or investment has either,

(i) paid a dividend in each such year upon its common shares, or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the company during the year

in which the dividend was paid or in which the company had earnings available for the payment of dividends, as the case may be;

- (n) real estate or leaseholds for the production of income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if, ^{real estate for the production of income}
- (i) a lease of the real estate or leasehold is made to, or guaranteed by,
 - (A) the government, or an agency of the government of the country in which the real estate or leasehold is situated, or of a province, state or municipality of that country, or
 - (B) a company, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *l* or *m*,
 - (ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested by the corporation in the real estate or leasehold within the period of the lease, but not exceeding thirty years from the date of investment, and
 - (iii) the total investment of the corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,
 - (iv) the book value of the investments of the corporation in real estate or leaseholds for the production of income under this clause and clause *o* do not exceed 10 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

other real
estate for
the
production
of income

- (o) real estate or leaseholds for the production of income in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any other corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of a corporation in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the corporation,

and the corporation may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold; but the book value of the investments of the corporation in real estate or leaseholds for the production of income and subject to subclause iv of clause *n* shall not exceed 5 per cent of the book value of the total assets of the corporation;

guaranteed
investment
certificates
of trust
companies

- (p) guaranteed investment certificates of a trust company incorporated in Canada, if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *l* or *m*.

(2) Subsection 2 of the said section 137 is amended by ^{R.S.O. 1960, c. 222, s. 137, subs. 2, amended} striking out "or a registered loan corporation" in the fifth and sixth lines, so that the subsection shall read as follows:

- (2) In addition to investments it may make by lending ^{Investment in national housing} on the security of or by purchasing mortgages, charges or hypothecs upon real estate pursuant to the *National Housing Act* (Canada) or the *National Housing Act, 1954* (Canada) or any amendments thereto, a registered loan corporation may invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Registrar in any other classes or types of investments pursuant to the said Acts, or any amendments thereto, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings. ^{R.S.C. 1952, c. 188, 1953-54, c. 23 (Can.)}

(3) Subsection 3 of the said section 137, as amended by ^{R.S.O. 1960, c. 222, s. 137, subs. 3, re-enacted} subsection 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1961-62*, subsections 3 and 4 of section 4 of *The Loan and Trust Corporations Amendment Act, 1965* and subsection 2 of section 10 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

- (3) A registered loan corporation may lend money on ^{Loans on securities by loan corporations} the security of,
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the corporation is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value of the real estate or leasehold, if the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada); ^{1953-54, c. 23 (Can.)}

(d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the corporation is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the corporation is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

(e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan and if also the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

R.S.C. 1952,
cc. 31, 125
R.S.O. 1960,
c. 190

Special
guaranteed
loans

1964-65
c. 24 (Can.)
R.S.C. 1952,
c. 110
1955
c. 46 (Can.)
1960-61
c. 5 (Can.)

(4) If a registered loan corporation is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada) or the *Small Businesses Loans Act* (Canada), the corporation may make guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 122,
s. 138,
re-enacted

42. Section 138 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

"Basket
clause"
for loan
corporations

138. A registered loan corporation may make investments and loans not authorized by section 137 and not prohibited by any other section, subject to the following provisions,

(a) investments in real estate or leaseholds under this section shall be made only for the pro-

duction of income, and may be made by the corporation in Canada or in any country in which the corporation is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the corporation may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a corporation under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the corporation;

(b) the total book value of the investments and loans made under this section and held by the corporation, excluding those that are, or at any time since acquisition have been, authorized as investments apart from this section, shall not exceed the larger of,

(i) 15 per cent of the corporation's unimpaired capital and reserve, or

(ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the book value of the total assets of the corporation; and

(c) this section shall be deemed not to,

(i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or

(ii) affect the operation of clause *e* of subsection 3 of section 137 as to the amount that may be loaned on the security of the shares of any one company.

138a. Notwithstanding anything in section 137 or 142, a registered loan corporation may invest its funds in the fully paid shares of,

Power of
loan
corporations
to invest in
shares of
certain
companies

(a) any company incorporated outside Canada to exercise the powers that a loan corporation incorporated in Ontario possesses;

- (b) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or to act as agent in the sale or purchase of real estate or leaseholds;
- (c) any company incorporated to offer public participation in an investment portfolio;
- (d) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services; or
- (e) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a loan corporation,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960,
c. 122,
s. 139,
re-enacted

43. Section 139 of *The Loan and Trust Corporations Act*, as amended by section 4 of *The Loan and Trust Corporations Amendment Act, 1960-61*, section 5 of *The Loan and Trust Corporations Amendment Act, 1961-62*, section 5 of *The Loan and Trust Corporations Amendment Act, 1965* and section 11 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

Investments
by trust
companies

139.—(1) A registered trust company may invest its own funds and moneys received for guaranteed investment or as deposits in any of the investments mentioned in subsection 1 of section 137, except that at all times at least 50 per cent of moneys received for guaranteed investment or as deposits shall be invested in or loaned upon such securities only as are authorized for trustees by section 26 of *The Trustee Act*.

R.S.O. 1960,
c. 408

Restriction
on amounts
of
investment
in
real estate

(2) The total book value of the investments of a registered trust company in real estate or leaseholds for the production of income under clause *n* of subsection 1 of section 137, shall not exceed in the case of its own funds 10 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as deposits, 10 per cent of such moneys and under clause *o* of subsection 1 of section 137, shall not exceed in the case of its own funds 5 per cent of the book value of the total assets of such funds and, in the case of moneys received for guaranteed investment or as

deposits 5 per cent of such moneys or 25 per cent of the unimpaired capital and reserve of the company, whichever is the greater, but the total amount invested under clauses *n* and *o* shall not exceed the maximum amount provided in clause *n*; and the amount so invested in any one parcel of real estate or leaseholds for the production of income shall not exceed 2 per cent of the aggregate of the total assets of the corporation and the moneys received by it for guaranteed investment or as deposits.

- (3) In addition to investments it may make by lending ^{Investments in national housing} on the security of or by purchasing mortgages, charges or hypothecs upon real estate under the *National Housing Act, 1954* (Canada) or any predecessor thereof, a registered trust company may invest its own funds to an aggregate amount not exceeding 5 per cent of its unimpaired capital and reserve and may, notwithstanding subsection 1, invest moneys received for guaranteed investment or as deposits to an aggregate amount not exceeding 5 per cent of such moneys in any other classes or types of investments pursuant to the said Act, including the purchase of land, the improvement thereof, the construction of buildings thereon, and the management and disposal of such lands and buildings. ^{1953-54, c. 23 (Can.)}
- (4) Subject to subsection 1, a registered trust company ^{Loans by registered trust companies} may lend its own funds and moneys received for guaranteed investment or as deposits on the security of,
- (a) any of the securities mentioned in clauses *a*, *b*, *c*, *d*, *e* and *g* of subsection 1 of section 137;
 - (b) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the loan, shall not exceed three-quarters of the value of the real estate or leasehold;
 - (c) improved real estate or leaseholds in Ontario or elsewhere where the company is carrying on business, notwithstanding that the amount of the loan exceeds three-quarters of the value

of the real estate or leasehold, where the loan is an approved loan or an insured loan under the *National Housing Act, 1954* (Canada);

1953-54,
c. 23 (Can.)

- (d) mortgages, charges or hypothecs on improved real estate or leaseholds in Canada or in any country where the company is carrying on business, or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the amount secured by the mortgage, charge or hypothec exceeds the amount that the company is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed or registered under the *Canadian and British Insurance Companies Act* (Canada), the *Foreign Insurance Companies Act* (Canada), *The Insurance Act* or similar legislation of any province or territory of Canada; and

R.S.C. 1952,
cc. 31, 125
R.S.O. 1960,
c. 190

- (e) the bonds, debentures, notes, shares or other securities mentioned in clause *f, h, i, j, k, l, m* or *p* of subsection 1 of section 137, if the market value of the securities on which the loan is made at all times is not less than the amount of the loan, and if the amount loaned on the security of the shares of any one company does not at any time exceed 10 per cent of the market value of the total outstanding shares of such company.

Loans by
trust
companies

1964-65,
c. 24 (Can.)

R.S.C. 1952,
c. 110
1955, c. 46
(Can.)

- (5) If a registered trust company is designated a bank or lender, as the case may be, under the *Canada Student Loans Act*, the *Farm Improvement Loans Act* (Canada) or the *Fisheries Improvement Loans Act* (Canada), it may lend its own funds and moneys received for guaranteed investment or as deposits, in guaranteed loans under and in accordance with the provisions of any of those Acts for which it has been designated a bank or lender.

R.S.O. 1960,
c. 222,
s. 140,
re-enacted

44. Section 140 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

140. A registered trust company may, with respect to its own funds and with respect to moneys received for guaranteed investment or as deposits, make investments and loans not authorized by section 139 and not prohibited by any other section, subject to the following provisions,

- (a) investments in real estate or leaseholds under this section shall be made only for the production of income, and may be made by the company in Canada or in any country in which the company is carrying on business, either alone or jointly with any corporation incorporated in Canada or with any insurance company transacting the business of insurance in Canada, and the company may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a company under this section in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits;
- (b) the total book value of the investments and loans made under this section and held by the company, excluding those that are or at any time since acquisition have been authorized as investments apart from this section, shall not exceed the larger of,
 - (i) 15 per cent of the company's unimpaired capital and reserve, or
 - (ii) such percentage as the Registrar may approve, not in excess of 7 per cent, of the aggregate of the unimpaired capital and reserve of the company and the moneys held by it for guaranteed investment or as deposits; and
- (c) this section shall be deemed not to,
 - (i) enlarge the authority conferred by this Act to invest in mortgages, charges or hypothecs or to lend on the security of real estate or leaseholds, or

- (ii) affect the operation of subsections 1 and 2 of section 139 or the operation of clause *e* of subsection 4 of section 139 as to the amount which may be loaned on the security of the shares of any one company.

Power of registered trust companies to invest in shares of certain companies

140a. Notwithstanding anything in section 139 or 142, a registered trust company may invest its own funds in the fully paid shares of,

- (a) any company incorporated outside Canada to exercise the powers set forth in section 77;
- (b) any company incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds or act as agent in the sale or purchase of real estate or leaseholds;
- (c) any company incorporated to offer public participation in an investment portfolio;
- (d) any company incorporated to provide a company mentioned in clause *c* with advisory, management or sales distribution services;
- (e) a loan corporation within the meaning of this Act; or
- (f) with the prior approval of the Minister, any company incorporated to carry on any other business activity reasonably ancillary to the business of a trust company,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

R.S.O. 1960, c. 222, s. 144, subs. 2, re-enacted

45. Subsection 2 of section 144 of *The Loan and Trust Corporations Act* is repealed and the following substituted therefor:

Limitation of time for holding

- (2) The corporation shall, subject to section 145, sell any real estate acquired by it under a mortgage, charge or hypothecation, or in satisfaction of a debt, within twelve years after it has been so acquired, otherwise it may be forfeited to Her Majesty for the use of Ontario, but no such forfeiture shall be enforced until the expiration of six calendar months after notice in writing to the corporation of the intention of Her Majesty to claim such forfeiture.

46. Section 145 of *The Loan and Trust Corporations Act* is amended by adding thereto the following subsection: R.S.O. 1960, c. 222, s. 145, amended

- (2) The corporation may acquire, hold, sell or dispose of real estate acquired in connection with the relocation by the corporation of the place of employment of an employee, if the real estate serves as the residence of the employee immediately after the relocation or served as the residence of the employee immediately before the relocation but the real estate shall not be allowed as an asset of the corporation in the annual report prepared by the Registrar for the Minister if it is held for more than two years following its acquisition. Power to hold real estate on relocation of employee

47. Section 147 of *The Loan and Trust Corporations Act* is amended by striking out "paid up capital and reserve funds" in the fourth and fifth lines and inserting in lieu thereof "unimpaired paid up capital, surplus and reserves", so that the section shall read as follows: R.S.O. 1960, c. 222, s. 147, amended

147. A provincial corporation shall not make or undertake any investment under section 145 or 146 that will cause the total amount at which such investments are carried on its books to exceed 35 per cent of its unimpaired paid up capital, surplus and reserves. Limit of amount of investments in buildings

48. Section 148 of *The Loan and Trust Corporations Act*, as re-enacted by section 14 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor: R.S.O. 1960, c. 222, s. 148 (1966, c. 81, s. 14), re-enacted

- 148.—(1) A corporation shall not knowingly make an investment, Prohibited investments

(a) by way of a loan to,

(i) a director or officer of the corporation or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the corporation;

(b) in a company that is a substantial shareholder of the corporation; or

(c) in a company in which,

- (i) an individual mentioned in subclause i of clause *a*,
- (ii) an individual who is a substantial shareholder of the corporation,
- (iii) another corporation that is a substantial shareholder of the corporation, or
- (iv) a group consisting exclusively of individuals mentioned in subclause i of clause *a*,

has a significant interest.

Disposition

- (2) The corporation shall not knowingly retain an investment mentioned in subsection 1.

Inter-pretation

- (3) For the purpose of this section,

significant interest

- (a) a person has a significant interest in a company, or a group of persons has a significant interest in a company, if,
 - (i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or
 - (ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the company for the time being outstanding;

substantial shareholder

- (b) a person is a substantial shareholder of a corporation, or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting

rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

- (c) "equity share" means a share of any class to ^{equity}share which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;

- (d) "investment" means, investment

(i) an investment in a company by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or

(ii) a loan to a person or persons, but does not include an advance or loan, whether secured or unsecured, that is made by a corporation to a company and that is merely ancillary to the main business of the corporation;

- (e) "officer" means the president, vice-president, manager, secretary, assistant secretary, comptroller, treasurer and assistant treasurer of a corporation and any other person designated as an officer of the corporation by by-law or by resolution of the directors thereof.

- (4) For the purposes of this section, where a person or "Down-stream" ^{investment}a group of persons owns beneficially, directly or indirectly, shares of a company, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other company that is owned beneficially, directly or indirectly, by the first-mentioned company, that is equal to the proportion of the shares of the first-mentioned company that is owned beneficially, directly or indirectly, by that person or group of persons.

- (5) Notwithstanding subsection 4, a corporation is not ^{Exception}prohibited from making an investment in a company only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to

own beneficially, equity shares of the corporation is by reason thereof deemed to own beneficially equity shares of the company.

Exemption

(6) Where any person or group of persons is a substantial shareholder of a corporation and, as a consequence thereof and of the application of this section, certain investments are prohibited for the corporation, the Minister may, on the advice of the Registrar, and on application by the corporation, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,

(a) that the decision of the corporation to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the corporation; and

(b) that the investment is to be made under the power granted to the corporation by sections 137, 138, 139 and 140.

Idem

(7) Any exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Assets in Canada

148a.—(1) A provincial corporation shall at all times retain in Canada assets at least equal to its liabilities incurred in Canada and to the moneys for which it is accountable as a trustee in Canada.

Safekeeping

(2) The custody of securities registered in the name of or held by a provincial corporation is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the corporation, as the Lieutenant Governor in Council may prescribe.

R.S.O. 1960,
c. 222,
s. 150,
re-enacted

49. Section 150 of *The Loan and Trust Corporations Act*, as amended by section 7 of *The Loan and Trust Corporations Amendment Act, 1965* and section 15 of *The Loan and Trust Corporations Amendment Act, 1966*, is repealed and the following substituted therefor:

- 150.—(1) Every trust company receiving deposits or ^{Annual return} receiving funds for guaranteed investment shall make a return to the Registrar on or before the 31st day of January in each year drawn in accordance with the form prescribed by the Registrar, showing the amount of the funds and showing all securities, including loans on securities and cash, and money on deposit ear-marked and set aside as provided in subsection 2 of section 80 and subsection 3 of section 82 as such amounts stood on the 31st day of December next preceding, and stating that they were on such date so ear-marked and set aside.
- (2) Every trust company shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as at the last day of June and of December in each year showing the changes in investments and loans of the company during the preceding half-year.
- (3) Every trust company shall prepare a statement in ^{Quarterly statement} the form prescribed by the Registrar as at the last day of March, June, September and December in each year showing the amount of cash and securities required to be maintained under section 84 and the amount of deposits and of funds received for guaranteed investment coming due in less than 100 days.
- (4) The statements mentioned in subsections 2 and 3 ^{Verification of statements} shall be verified by a certificate of a responsible officer of the trust company and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

50. Section 151 of *The Loan and Trust Corporations Act*, ^{R.S.O. 1960, c. 222, s. 151 (1966, c. 81, s. 16), amended} as re-enacted by section 16 of *The Loan and Trust Corporations Amendment Act, 1966*, is amended by adding thereto the following subsections:

- (2) Every loan corporation shall prepare a statement in ^{Semi-annual return} the form prescribed by the Registrar as of the last day of June and of December in each year showing the changes in investments and loans of the corporation during the preceding half-year.
- (3) The statements mentioned in subsections 1 and 2 ^{Verification} shall be verified by a certificate of a responsible officer of the loan corporation and shall be filed with the Registrar within thirty-one days after the date as at which they are made up.

Commence-
ment

51. This Act comes into force on the day it receives Royal Assent.

Short
title

52. This Act may be cited as *The Loan and Trust Corporations Amendment Act, 1970*. (No. 2)

An Act to amend
The Loan and Trust Corporations Act

1st Reading

November 3rd, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 10th, 1970

Mr. LAWRENCE (Carleton East)

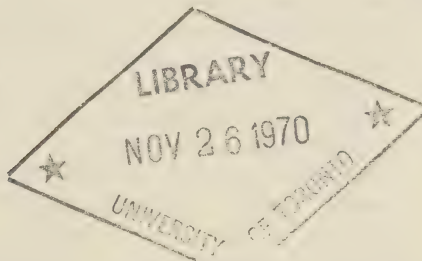
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BILL 222

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Highway Traffic Act

MR. PATERSON



TORONTO

PRINTED AND PUBLISHED BY WILLIAM KINMOND, QUEEN'S PRINTER AND PUBLISHER

EXPLANATORY NOTES

SECTION 1. The amendment requires that in addition to the slow-moving vehicle sign presently required, a flashing amber light on top and two red lights at the rear be displayed on farm tractors and self-propelled implements of husbandry when operated on a highway between sunset and sunrise.

SECTION 2. Addiction to drugs by a patient is specifically added as a condition to be reported by a doctor to the Registrar of Motor Vehicles, where in his opinion the addiction may make it dangerous for the patient to operate a motor vehicle.

BILL 222

1970

An Act to amend The Highway Traffic Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Subsection 1 of section 42a of *The Highway Traffic Act*, R.S.O. 1960, c. 172, as enacted by section 9 of *The Highway Traffic Amendment Act, 1968* s. 42a (1968, c. 50, s. 9), and amended by section 30 of *The Highway Traffic Amendment Act, 1968-69*, subs. 1, amended is further amended by inserting after "thereof" in the fourth line "and shall when operated on a highway at any time from one-half hour after sunset to one-half hour before sunrise be equipped with a flashing amber light mounted at the top rear thereof and shall display not less than two red lights at the rear thereof", so that the subsection shall read as follows:

- (1) Every farm tractor and self-propelled implement of husbandry when operated on a highway or any vehicle towed by either of them, shall have a slow moving vehicle sign attached to the rear thereof and shall when operated on a highway at any time from one-half hour after sunset to one-half hour before sunrise be equipped with a flashing amber light mounted at the top rear thereof and shall display not less than two red lights at the rear thereof in accordance with the regulations, except when directly crossing a highway. Slow moving vehicle signs and lights

2. Subsection 1 of section 145a of *The Highway Traffic Act*, R.S.O. 1960, c. 172, as re-enacted by section 25 of *The Highway Traffic Amendment Act, 1968*, s. 145a (1968, c. 50, s. 25), is amended by striking out "a condition that may" subs. 1, amended in the sixth and seventh lines and inserting in lieu thereof "such a condition or is so addicted to the use of drugs as to", so that the subsection shall read as follows:

- (1) Every legally qualified medical practitioner shall report to the Registrar the name, address and clinical condition of every person sixteen years of Report of medical practitioner

age or over attending upon the medical practitioner for medical services who in the opinion of such medical practitioner is suffering from such a condition or is so addicted to the use of drugs as to make it dangerous for such person to operate a motor vehicle.

Commence-
ment

3. This Act comes into force on the day it receives Royal Assent.

Short title

4. This Act may be cited as *The Highway Traffic Amendment Act, 1970*.

An Act to amend
The Highway Traffic Act

1st Reading

November 3rd, 1970

2nd Reading

3rd Reading

MR. PATERSON

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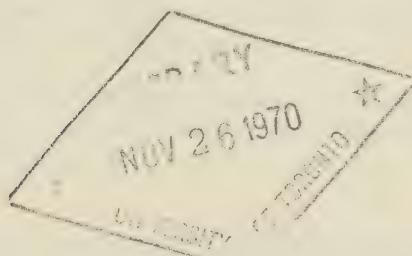
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BILL 223

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Consumer Protection Act, 1966

MR. SHULMAN



TORONTO

PRINTED AND PUBLISHED BY WILLIAM KINMOND, QUEEN'S PRINTER AND PUBLISHER

EXPLANATORY NOTE

This Bill introduces the concept of strict liability for the manufacturing, selling or leasing of defective consumer products.

BILL 223

1970

An Act to amend The Consumer Protection Act, 1966

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. *The Consumer Protection Act, 1966* is amended by adding ^{1966, c. 23, amended} thereto the following Part:

PART IIIA

CONSUMER PRODUCT LIABILITY

28a. In this Part,

Interpre-
tation

- (a) "consumer" means a person who purchases goods for personal, family or household purposes, but does not include a person who purchases for the purpose of carrying on business;
- (b) "consumer product" means any product intended for or customarily used for personal, family or household purposes;
- (c) "damage" includes physical or emotional injury, property damage or economic loss to a consumer;
- (d) "defect" or "defective condition" means any aspect, characteristic, or design of a product, inherent or otherwise, which makes the product dangerous.

28b. A manufacturer, seller or lessor of any consumer product in a defective condition is liable to a consumer for damage caused by the defective condition unless the consumer, ^{Strict liability}

- (a) knew or reasonably should have known of the defect;
- (b) knew or reasonably should have known the magnitude of the risk and the potential for harm presented by the defect; or
- (c) has misused the product in a manner reasonably unforeseeable within the general usage of the product.

Warning

28c. In determining questions of knowledge, the effect of a warning is not to be taken into account in the case of a product reasonably anticipated to be used primarily by children.

Burden of proof

28d.—(1) A defect shown to have existed in a consumer product at the time of injury is admissible in evidence and is *prima facie* proof that the defect existed in the product when it left the control of the manufacturer.

Malfunction

(2) A malfunction of the product is admissible in evidence and is *prima facie* proof of a defect.

Seller liability

28e.—(1) Where a seller or lessor of a defective consumer product fails upon request from a consumer or his agent to reveal any information available to him as to the manufacture and distribution of the defective product, he is liable under this Act to the same extent as a manufacturer.

Idem

(2) Any seller or lessor of a consumer product, found liable under section 28b, has full rights of recovery against the manufacturer of such consumer product to the full extent that the seller or lessor has been found liable to the consumer, unless the defect is the result of some action or inaction of the seller or lessor.

Right of recovery

28f. Nothing in this Act limits in any way any rights of recovery, either in tort or in contract, at common law or by any statute of Canada or statute of Ontario.

Compliance with safety codes

28g.—(1) Compliance with any federal, provincial or municipal safety code, standard or regulation is not a defence to an action brought under this Act.

- (2) Failure to comply with any federal, provincial or ^{Failure to comply with} municipal safety code, standard or regulation is ^{safety codes} *prima facie* proof that the product is defective within the definition of clause *d* of section 28a.

2. This Act comes into force on the day it receives Royal ^{Commence-} Assent._{ment}

3. This Act may be cited as *The Consumer Protection* ^{Short title} *Amendment Act, 1970.*

An Act to amend
The Consumer Protection Act, 1966

1st Reading

November 3rd, 1970

2nd Reading

3rd Reading

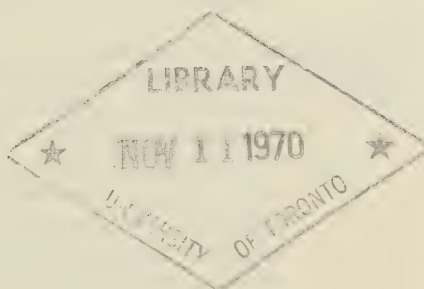
MR. SHULMAN

BILL 224

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Drainage Act, 1962-63

MR. McKEOUGH



EXPLANATORY NOTES

SECTION 1. See note to section 2 of the Bill.

SECTION 2. The requirement that the clerk read aloud the engineer's report at the council meeting held to consider it is deleted as a copy of the report will have been sent under the provisions of section 1 of the Bill to the persons affected.

BILL 224

1970

An Act to amend The Drainage Act, 1962-63

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 24 of *The Drainage Act, 1962-63*, as amended by ^{1962-63, c. 39, s. 24,} section 4 of *The Drainage Amendment Act, 1968*, is further amended by adding thereto the following subsection:

(4a) The clerk of the initiating municipality and the clerk of every other local municipality shall send a copy of the report with each notice that is sent under subsections 2, 3 and 4, provided that where a copy of the report is sent under subsection 1 it is not necessary to send a further copy to the same party under this subsection. ^{Copy of report to accompany notice}

2. Section 25 of *The Drainage Act, 1962-63* is amended by ^{1962-63, c. 39, s. 25,} striking out “cause the report to be read aloud by the clerk” amended in the second and third lines and inserting in lieu thereof “consider the report”, so that the section shall read as follows:

25. The council of the initiating municipality shall, at the meeting mentioned in the notices under section 24, consider the report, and, where the drainage works is requested on petition, shall give an opportunity to any person who has signed the petition to withdraw from it by putting his withdrawal in writing, signing it and filing it with the clerk, and shall also give those present owning lands within the area requiring drainage who have not signed the petition an opportunity so to do, and, should any of the lands or roads of the municipality be assessed, the council may by resolution authorize the head or acting head of the municipality to sign the petition for the municipality, and such signature counts as that of one person in favour of the petition. ^{Con- sideration of report}

1962-63,
c. 39, s. 29^a
(1968-69,
c. 32, s. 2),
subs. 1,
amended

3. Subsection 1 of section 29a of *The Drainage Act, 1962-63*, as enacted by section 2 of *The Drainage Amendment Act, 1968-69*, is amended by inserting after "of" where it occurs the second time in the first line "three or", so that the subsection shall read as follows:

Court of
revision

- (1) The court of revision shall consist of three or five members appointed by the council of the municipality and such members other than members of the council may be paid such remuneration and expenses as the council may by by-law provide.

1962-63,
c. 39, s. 32,
amended

4. Section 32 of *The Drainage Act, 1962-63*, is amended by adding thereto the following subsection:

Application
of 1968-69,
c. 6

- (1a) The provisions of *The Assessment Act, 1968-69*, as to appeals to the judge under section 55 of that Act apply *mutatis mutandis* to an appeal under subsection 1, except that the notice of appeal shall be given to the clerk of the municipality in lieu of the assessment commissioner and the clerk upon receipt of such notice shall thereupon perform the duties of the regional registrar.

1962-63,
c. 39, s. 40,
subs. 6
(1968, c. 33,
s. 6, subs. 1),
amended

5. Subsection 6 of section 40 of *The Drainage Act, 1962-63*, as enacted by subsection 1 of section 6 of *The Drainage Amendment Act, 1968*, is amended by striking out "except a school maintained in whole or in part by a legislative grant or a school tax" in the fourteenth and fifteenth lines and inserting in lieu thereof "and land of a board of an elementary or secondary school as defined in *The Schools Administration Act*", so that the subsection shall read as follows:

Land exempt
from
taxation
to be
specially
assessed

- (6) Notwithstanding the provisions of any general or special Act, land exempt from taxation is for all purposes, except petitioning for or against undertaking a drainage works, subject to the provisions of this Act and shall be specially assessed, and the special assessments so imposed that fall due while such land remains exempt from taxation shall be paid by the municipality that imposed the assessments, provided that such special assessments imposed upon land on which a church or place of worship is erected and that is used in connection therewith, land of a university, college or seminary of learning, whether vested in a trustee or otherwise, and land of a board of an elementary or secondary school as defined in *The Schools Administration Act*, shall be paid by the owners of the land.

R.S.O. 1960,
c. 361

SECTION 3. Council may constitute a court of revision consisting of three members or of five members as is provided in *The Local Improvement Act*.

SECTION 4. The amendment provides the procedure to be followed on appeals from the court of revision to the county judge.

SECTION 5. The amendment makes school boards liable to pay the special assessments imposed upon land owned by them.

6.—(1) This Act, except section 5, comes into force on the ^{Commence-} day it receives Royal Assent._{ment}

(2) Section 5 comes into force on the 1st day of January, ^{Idem} 1971.

7. This Act may be cited as *The Drainage Amendment Act*, ^{Short title} 1970.

An Act to amend
The Drainage Act, 1962-63

1st Reading

November 4th, 1970

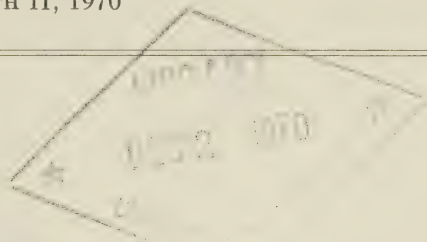
2nd Reading

3rd Reading

MR. McKEOUGH

BILL 224

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Drainage Act, 1962-63

MR. McKEOUGH

BILL 224

1970

An Act to amend The Drainage Act, 1962-63

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 24 of *The Drainage Act, 1962-63*, as amended by ^{1962-63, c. 39, s. 24,} section 4 of *The Drainage Amendment Act, 1968*, is further amended ^{amended} by adding thereto the following subsection:

(4a) The clerk of the initiating municipality and the clerk of every other local municipality shall send a copy of the report with each notice that is sent under subsections 2, 3 and 4, provided that where a copy of the report is sent under subsection 1 it is not necessary to send a further copy to the same party under this subsection. ^{Copy of report to accompany notice}

2. Section 25 of *The Drainage Act, 1962-63* is amended by ^{1962-63, c. 39, s. 25,} striking out "cause the report to be read aloud by the clerk" ^{amended} in the second and third lines and inserting in lieu thereof "consider the report", so that the section shall read as follows:

25. The council of the initiating municipality shall, at the meeting mentioned in the notices under section 24, consider the report, and, where the drainage works is requested on petition, shall give an opportunity to any person who has signed the petition to withdraw from it by putting his withdrawal in writing, signing it and filing it with the clerk, and shall also give those present owning lands within the area requiring drainage who have not signed the petition an opportunity so to do, and, should any of the lands or roads of the municipality be assessed, the council may by resolution authorize the head or acting head of the municipality to sign the petition for the municipality, and such signature counts as that of one person in favour of the petition. ^{Con- sideration of report}

1962-63,
c. 39, s. 29a
(1968-69,
c. 32, s. 2),
subs. 1,
amended

3. Subsection 1 of section 29a of *The Drainage Act, 1962-63*, as enacted by section 2 of *The Drainage Amendment Act, 1968-69*, is amended by inserting after "of" where it occurs the second time in the first line "three or", so that the subsection shall read as follows:

Court of
revision

- (1) The court of revision shall consist of three or five members appointed by the council of the municipality and such members other than members of the council may be paid such remuneration and expenses as the council may by by-law provide.

1962-63,
c. 39, s. 32,
amended

4. Section 32 of *The Drainage Act, 1962-63*, is amended by adding thereto the following subsection:

Application
of 1968-69,
c. 6

- (1a) The provisions of *The Assessment Act, 1968-69*, as to appeals to the judge under section 55 of that Act apply *mutatis mutandis* to an appeal under subsection 1, except that the notice of appeal shall be given to the clerk of the municipality in lieu of the assessment commissioner and the clerk upon receipt of such notice shall thereupon perform the duties of the regional registrar.

1962-63,
c. 39, s. 40,
subs. 6
(1968, c. 33,
s. 6, subs. 1),
amended

5. Subsection 6 of section 40 of *The Drainage Act, 1962-63*, as enacted by subsection 1 of section 6 of *The Drainage Amendment Act, 1968*, is amended by striking out "except a school maintained in whole or in part by a legislative grant or a school tax" in the fourteenth and fifteenth lines and inserting in lieu thereof "and land of a board of an elementary or secondary school as defined in *The Schools Administration Act*", so that the subsection shall read as follows:

Land exempt
from
taxation
to be
specially
assessed

- (6) Notwithstanding the provisions of any general or special Act, land exempt from taxation is for all purposes, except petitioning for or against undertaking a drainage works, subject to the provisions of this Act and shall be specially assessed, and the special assessments so imposed that fall due while such land remains exempt from taxation shall be paid by the municipality that imposed the assessments, provided that such special assessments imposed upon land on which a church or place of worship is erected and that is used in connection therewith, land of a university, college or seminary of learning, whether vested in a trustee or otherwise, and land of a board of an elementary or secondary school as defined in *The Schools Administration Act*, shall be paid by the owners of the land.

R.S.O. 1960,
c. 361

6.—(1) This Act, except section 5, comes into force on the ^{Commence-}
day it receives Royal Assent._{ment}

(2) Section 5 comes into force on the 1st day of January, ^{Idem}
1971.

7. This Act may be cited as *The Drainage Amendment Act*, ^{Short title}
1970.

An Act to amend
The Drainage Act, 1962-63

1st Reading

November 4th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 9th, 1970

MR. McKEOUGH

BILL 225

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act to amend The Ontario Municipal Employees
Retirement System Act, 1961-62**

MR. McKEOUGH



TORONTO

PRINTED AND PUBLISHED BY WILLIAM KINMOND, QUEEN'S PRINTER AND PUBLISHER

EXPLANATORY NOTE

The provisions respecting the issue of Provincial debentures to OMERS are revised so that the debentures will bear interest equal to at least the weighted average yield to maturity of Provincial debentures and bonds.

**An Act to amend
The Ontario Municipal Employees
Retirement System Act, 1961-62**

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Subsection 1 of section 7 of *The Ontario Municipal Employees Retirement System Act, 1961-62*, as re-enacted by section 1 of *The Ontario Municipal Employees Retirement System Amendment Act, 1968*, is amended by inserting after “year” in the first line “to and including the year 1969”, so that the subsection, exclusive of the clauses, shall read as follows:

- (1) In each year to and including the year 1969, the Treasurer of Ontario shall issue Province of Ontario debentures to become due and payable on the 31st day of December, 1973 for the amount of money accumulated to the credit of the Fund from time to time and not required for current expenditures, and,

(2) Clause *b* of subsection 1 of the said section 7 is amended by striking out “1973” in the fourth line and inserting in lieu thereof “1969”, so that the clause shall read as follows:

- (*b*) such debentures issued during the period commencing on the first day of January, 1968, and ending on the 31st day of December, 1969, shall bear interest at the rate of 6½ per cent per annum payable half-yearly.

(3) Subsections 3 and 4 of the said section 7 are repealed and the following substituted therefor:

Debenture
authorized

- (3) Commencing with the year 1970, the Treasurer of Ontario shall issue to the Board at the end of each year a Province of Ontario debenture for the amount of money accumulated to the credit of the Fund from time to time and not required for current expenditures, such debenture to bear interest payable half-yearly at a rate of interest not less than the weighted average yield to maturity of the debentures and bonds issued or guaranteed by the Province in such year and such debenture to be for a term of not less than twenty years and not more than thirty years.

Yield and
term of
debenture

- (4) For the purposes of subsection 3, the weighted average yield to maturity of the debentures and bonds issued or guaranteed by the Province in a calendar year and the term of the debenture to be issued to the Board shall be as agreed upon between the Treasurer of Ontario and the Board and approved by the Lieutenant Governor in Council.

Commence-
ment

- 2.** This Act comes into force on the day it receives Royal Assent.

Short title

- 3.** This Act may be cited as *The Ontario Municipal Employees Retirement System Amendment Act, 1970*.

An Act to amend
The Ontario Municipal Employees
Retirement System Act, 1961-62

1st Reading

November 4th, 1970

2nd Reading

3rd Reading

MR. McKEOUGH

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act to amend The Ontario Municipal Employees
Retirement System Act, 1961-62**

MR. McKEOUGH

BILL 225

1970

**An Act to amend
The Ontario Municipal Employees
Retirement System Act, 1961-62**

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Subsection 1 of section 7 of *The Ontario Municipal Employees Retirement System Act, 1961-62*, as re-enacted by section 1 of *The Ontario Municipal Employees Retirement System Amendment Act, 1968*, is amended by inserting after “year” in the first line “to and including the year 1969”, so that the subsection, exclusive of the clauses, shall read as follows:

- (1) In each year to and including the year 1969, the Treasurer of Ontario shall issue Province of Ontario debentures to become due and payable on the 31st day of December, 1973 for the amount of money accumulated to the credit of the Fund from time to time and not required for current expenditures, and,

.

(2) Clause *b* of subsection 1 of the said section 7 is amended by striking out “1973” in the fourth line and inserting in lieu thereof “1969”, so that the clause shall read as follows:

- (*b*) such debentures issued during the period commencing on the first day of January, 1968, and ending on the 31st day of December, 1969, shall bear interest at the rate of 6½ per cent per annum payable half-yearly.

(3) Subsections 3 and 4 of the said section 7 are repealed and the following substituted therefor:

Debenture
authorized

- (3) Commencing with the year 1970, the Treasurer of Ontario shall issue to the Board at the end of each year a Province of Ontario debenture for the amount of money accumulated to the credit of the Fund from time to time and not required for current expenditures, such debenture to bear interest payable half-yearly at a rate of interest not less than the weighted average yield to maturity of the debentures and bonds issued or guaranteed by the Province in such year and such debenture to be for a term of not less than twenty years and not more than thirty years.

Yield and
term of
debenture

- (4) For the purposes of subsection 3, the weighted average yield to maturity of the debentures and bonds issued or guaranteed by the Province in a calendar year and the term of the debenture to be issued to the Board shall be as agreed upon between the Treasurer of Ontario and the Board and approved by the Lieutenant Governor in Council.

Commence-
ment

- 2.** This Act comes into force on the day it receives Royal Assent.

Short title

- 3.** This Act may be cited as *The Ontario Municipal Employees Retirement System Amendment Act, 1970*.

An Act to amend
The Ontario Municipal Employees
Retirement System Act, 1961-62

1st Reading

November 4th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 9th, 1970

MR. McKEOUGH

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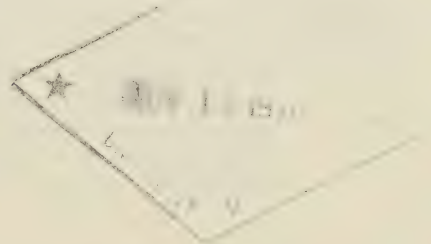
Government
Publications

BILL 226

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Regional Municipality of York Act, 1970

MR. McKEOUGH



EXPLANATORY NOTE

A reference to police villages is added to preserve the existing speed limits therein.

BILL 226

1970

**An Act to amend
The Regional Municipality of York Act, 1970**

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Subsection 1 of section 177 of *The Regional Municipality of York Act, 1970* is repealed and the following substituted therefor: 1970, c. 50, s. 177, subs. 1, re-enacted

(1) Notwithstanding the other provisions of this Act but subject to subsections 2 and 3, for the purposes of section 59 of *The Highway Traffic Act* the areas in the Regional Area that, on the 31st day of December, 1970, form part of a town, village or township municipality or police village, shall be deemed to continue to form part of a town, village or township municipality or police village. Existing speed limits continued R.S.O. 1960, c. 172

(2) Subsection 3 of the said section 177 is amended by inserting after "municipality" in the first line "or by the trustees of a police village", so that the subsection shall read as follows: 1970, c. 50, s. 177, subs. 3, amended

(3) Every by-law passed by the council of a municipality or by the trustees of a police village under any provision of section 59 of *The Highway Traffic Act* that applied, on the 31st day of December, 1970, to any highway or portion thereof within the Regional Area shall continue to apply thereto until a by-law passed by the Regional Council or the council of an area municipality under such section 59 applies thereto. Existing speed limits continued R.S.O. 1960, c. 172

2. This Act comes into force on the day it receives Royal Assent. Commencement

3. This Act may be cited as *The Regional Municipality of York Amendment Act, 1970*. Short title

An Act to amend
The Regional Municipality of
York Act, 1970

1st Reading

November 4th, 1970

2nd Reading

3rd Reading

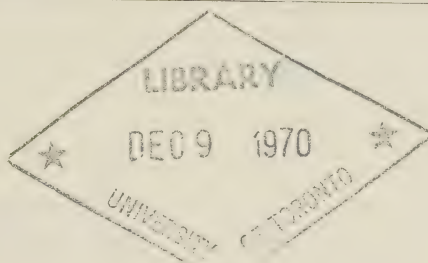
MR. McKEOUGH

CA20N
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-B 56

Government
Publications

BILL 226

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Regional Municipality of York Act, 1970

Mr. McKEOUGH

BILL 226

1970

An Act to amend The Regional Municipality of York Act, 1970

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Subsection 1 of section 177 of *The Regional Municipality of York Act, 1970* is repealed and the following substituted therefor: 1970, c. 50,
s. 177,
subs. 1,
re-enacted

(1) Notwithstanding the other provisions of this Act but subject to subsections 2 and 3, for the purposes of section 59 of *The Highway Traffic Act* the areas in the Regional Area that, on the 31st day of December, 1970, form part of a town, village or township municipality or police village, shall be deemed to continue to form part of a town, village or township municipality or police village. Existing
speed limits
continued
R.S.O. 1960,
c. 172

(2) Subsection 3 of the said section 177 is amended by inserting after "municipality" in the first line "or by the trustees of a police village", so that the subsection shall read as follows: 1970, c. 50,
s. 177,
subs. 3,
amended

(3) Every by-law passed by the council of a municipality or by the trustees of a police village under any provision of section 59 of *The Highway Traffic Act* that applied, on the 31st day of December, 1970, to any highway or portion thereof within the Regional Area shall continue to apply thereto until a by-law passed by the Regional Council or the council of an area municipality under such section 59 applies thereto. Existing
speed limits
continued
R.S.O. 1960,
c. 172

2. This Act comes into force on the day it receives Royal Assent. Commence-
ment

3. This Act may be cited as *The Regional Municipality of York Amendment Act, 1970*. Short title

An Act to amend
The Regional Municipality of
York Act, 1970

1st Reading

November 4th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 9th, 1970

MR. McKEOUGH

BILL 227

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act to amend
The Municipality of Metropolitan Toronto Act**

MR. McKEOUGH



EXPLANATORY NOTES

SECTION 1. Authority is conferred on the Metropolitan Council to establish and maintain lock-up houses.

SECTION 2. The amendments provide the following:

1. For the payment by the Metropolitan Corporation of the employer's share of the cost of any improved benefits under the pension plan of an area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission, in respect of the past service of Metro employees formerly employed by any of those bodies who have elected to remain in its pension plan.
2. For the appointment of an actuary to determine the cost of such benefits where the amount thereof or the time of its payment cannot be agreed upon by the municipalities or local boards affected.
3. For the transfer by a Metro employee, formerly employed by an area municipality or a local board thereof or the County of York or the Toronto and York Roads Commission, who has joined the Metro pension plan, of the moneys standing to his credit in the pension plan of his former employer to the Metro pension plan, the moneys to be paid either when the employee terminates his employment with Metro, or, at the option of the former employer, at any earlier date.

BILL 227

1970

An Act to amend The Municipality of Metropolitan Toronto Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Subsection 1 of section 17 of *The Municipality of Metropolitan Toronto Act*, as re-enacted by section 1 of *The Municipality of Metropolitan Toronto Amendment Act, 1967* is ^{R.S.O. 1960, c. 260, s. 17, subs. 1 (1967, c. 58, s. 1), amended} amended by inserting after "280" in the second line "372, 373", so that the subsection shall read as follows:

- (1) Sections 192, 193, 195, 197, 198, 199, 244, 253, 275 ^{Application of R.S.O. 1960, c. 249} to 280, 372, 373, paragraphs 61 and 62 of section 377 and section 406a of *The Municipal Act* apply *mutatis mutandis* to the Metropolitan Corporation.

2. Section 24 of *The Municipality of Metropolitan Toronto Act*, as amended by section 5 of *The Municipality of Metropolitan Toronto Amendment Act, 1961-62*, section 3 of *The Municipality of Metropolitan Toronto Amendment Act, 1962-63*, section 2 of *The Municipality of Metropolitan Toronto Amendment Act, 1965* and section 7 of *The Municipality of Metropolitan Toronto Amendment Act, 1966*, is further amended by adding thereto the following subsections:

- (4a) Where a pension plan of an area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission is amended to improve the pension benefits under the plan, the cost of such improvements in respect of an employee who on the day such pension plan is so amended is contributing under subsection 4 to the pension plan, shall, in respect of the service of the employee while employed by the Metropolitan Corporation or by a local board thereof, be determined by the actuary of the plan that is amended, after taking into consideration any excess of the assets of the pension plan over the actuarial liabilities of the plan immediately prior to ^{Improved pension benefits}

the amendment, and the cost, except that portion, if any, that is payable by the employee, shall be payable by the Metropolitan Corporation or by a local board thereof over such period of time, subject to *The Pension Benefits Act, 1965*, as may be agreed upon by the municipalities or local boards affected.

1965, c. 96

Idem

- (4b) Where the Metropolitan Corporation or a local board thereof does not accept the amount of the actuarial liability determined as provided for in subsection 4a or the period of time in which the cost mentioned in subsection 4a is payable, the municipalities or local boards affected shall appoint an actuary whose opinion on the matter shall be final and binding and, if such municipalities or local boards cannot agree on the appointment of an actuary, the Department shall appoint an actuary whose opinion on the matter shall be final and binding.

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Transfer of
funds to
Metropolitan
Toronto
plan

- (5a) An employee who has become a member of the pension plan of the Metropolitan Corporation or of a local board thereof in accordance with subsection 3 is entitled to elect a transfer of a sum of money to such pension plan from the pension plan of an area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission, in accordance with the provisions of subsection 5 of section 248c of *The Municipal Act*, whether or not such an employee is entitled to a refund from the pension plan of his contributions plus any interest thereon and, on the transfer of such a sum of money, the employee and his beneficiaries shall cease to have any rights under the pension plan of the area municipality or the local board thereof or of the County of York or of the Toronto and York Roads Commission.

R.S.O. 1960,
c. 249

Idem

- (5b) Where an employee elects a transfer of a sum of money under subsection 5a, the sum of money shall be transferred on the termination of the service of the employee with the Metropolitan Corporation or a local board thereof or, at the option of the area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission, at an earlier date.

R.S.O. 1960,
c. 260,
s. 110,
subs. 6,
re-enacted

3.—(1) Subsection 6 of section 110 of *The Municipality of Metropolitan Toronto Act* is repealed and the following substituted therefor:

SECTION 3—Subsection 1. The prohibition against the appointment to the T.T.C. of a member of the Metropolitan Council or a member of the council of an area municipality is removed. Where a member of the Metropolitan Council is appointed to the T.T.C., his term of office is not to extend beyond that of his term of office on the Metropolitan Council.

Subsection 2. The amendment is required in view of the provisions of subsection 4*b* of section 110 empowering the Metropolitan Council to reduce the membership of the T.T.C. to three persons.

SECTION 4. The Metropolitan Council is substituted for the Lieutenant Governor in Council as the authority to appoint members and alternate members to the sinking fund committee and fix the remuneration of the members.

- (6) Notwithstanding subsection 4, where a member of the Metropolitan Council is appointed as a member of the Commission he shall not be appointed for a term of office extending beyond his term of office on the Council, and he shall cease to be a member of the Commission upon ceasing to be a member of the Metropolitan Council.

(2) Subsection 10 of the said section 110 is amended by striking out "Three" in the first line and inserting in lieu thereof "A majority of the", so that the subsection shall read as follows:

- (10) A majority of the members of the Commission constitute a quorum.

4.—(1) Subsection 22 of section 238 of *The Municipality of Metropolitan Toronto Act* is amended by striking out "Lieutenant Governor in Council" in the fourth line and in the seventh line and inserting in lieu thereof in each instance "Metropolitan Council", so that the subsection shall read as follows:

- (22) When sinking fund debentures are issued, there shall be a sinking fund committee which shall be composed of the treasurer of the Metropolitan Corporation and two members appointed by the Metropolitan Council, and the two appointed members shall be paid, out of the current fund of the Metropolitan Corporation, such annual remuneration as the Metropolitan Council may determine.

(2) Subsection 23 of the said section 238 is amended by striking out "Lieutenant Governor in Council" in the first line and inserting in lieu thereof "Metropolitan Council", so that the subsection shall read as follows:

- (23) The Metropolitan Council may appoint an alternate member for each of the appointed members and any such alternate member has all the powers and duties of the member in the absence or inability to act of such member.

5. This Act comes into force on the day it receives Royal Assent.

6. This Act may be cited as *The Municipality of Metropolitan Toronto Amendment Act, 1970 (No. 2)*.

An Act to amend
The Municipality of Metropolitan
Toronto Act

1st Reading

November 4th, 1970

2nd Reading

3rd Reading

MR. McKEOUGH

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Government
Publications

BILL 227

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act to amend
The Municipality of Metropolitan Toronto Act**

MR. McKEOUGH

BILL 227

1970

An Act to amend The Municipality of Metropolitan Toronto Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Subsection 1 of section 17 of *The Municipality of Metropolitan Toronto Act*, as re-enacted by section 1 of *The Municipality of Metropolitan Toronto Amendment Act, 1967* is amended by inserting after "280" in the second line "372, 373", so that the subsection shall read as follows:

R.S.O. 1960,
c. 260, s. 17,
subs. 1
(1967, c. 58,
s. 1),
amended

(1) Sections 192, 193, 195, 197, 198, 199, 244, 253, 275 to 280, 372, 373, paragraphs 61 and 62 of section 377 and section 406a of *The Municipal Act* apply *mutatis mutandis* to the Metropolitan Corporation.

Application
of R.S.O.
1960, c. 249

2. Section 24 of *The Municipality of Metropolitan Toronto Act*, as amended by section 5 of *The Municipality of Metropolitan Toronto Amendment Act, 1961-62*, section 3 of *The Municipality of Metropolitan Toronto Amendment Act, 1962-63*, section 2 of *The Municipality of Metropolitan Toronto Amendment Act, 1965* and section 7 of *The Municipality of Metropolitan Toronto Amendment Act, 1966*, is further amended by adding thereto the following subsections:

R.S.O. 1960,
c. 260, s. 24,
amended

(4a) Where a pension plan of an area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission is amended to improve the pension benefits under the plan, the cost of such improvements in respect of an employee who on the day such pension plan is so amended is contributing under subsection 4 to the pension plan, shall, in respect of the service of the employee while employed by the Metropolitan Corporation or by a local board thereof, be determined by the actuary of the plan that is amended, after taking into consideration any excess of the assets of the pension plan over the actuarial liabilities of the plan immediately prior to

Improved
pension
benefits

the amendment, and the cost, except that portion, if any, that is payable by the employee, shall be payable by the Metropolitan Corporation or by a local board thereof over such period of time, subject to *The Pension Benefits Act, 1965*, as may be agreed upon by the municipalities or local boards affected.

1965, c. 96

Idem

- (4b) Where the Metropolitan Corporation or a local board thereof does not accept the amount of the actuarial liability determined as provided for in subsection 4a or the period of time in which the cost mentioned in subsection 4a is payable, the municipalities or local boards affected shall appoint an actuary whose opinion on the matter shall be final and binding and, if such municipalities or local boards cannot agree on the appointment of an actuary, the Department shall appoint an actuary whose opinion on the matter shall be final and binding.

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Transfer of
funds to
Metropolitan
Toronto
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R.S.O. 1960,
c. 249

Idem

- (5b) Where an employee elects a transfer of a sum of money under subsection 5a, the sum of money shall be transferred on the termination of the service of the employee with the Metropolitan Corporation or a local board thereof or, at the option of the area municipality or of a local board thereof or of the County of York or of the Toronto and York Roads Commission, at an earlier date.

R.S.O. 1960,
c. 260,
s. 110,
subs. 6,
re-enacted

3.—(1) Subsection 6 of section 110 of *The Municipality of Metropolitan Toronto Act* is repealed and the following substituted therefor:

- (6) Notwithstanding subsection 4, where a member of the Metropolitan Council is appointed as a member of the Commission he shall not be appointed for a term of office extending beyond his term of office on the Council, and he shall cease to be a member of the Commission upon ceasing to be a member of the Metropolitan Council.

(2) Subsection 10 of the said section 110 is amended by striking out "Three" in the first line and inserting in lieu thereof "A majority of the", so that the subsection shall read as follows:

- (10) A majority of the members of the Commission constitute a quorum.

4.—(1) Subsection 22 of section 238 of *The Municipality of Metropolitan Toronto Act* is amended by striking out "Lieutenant Governor in Council" in the fourth line and in the seventh line and inserting in lieu thereof in each instance "Metropolitan Council", so that the subsection shall read as follows:

- (22) When sinking fund debentures are issued, there shall be a sinking fund committee which shall be composed of the treasurer of the Metropolitan Corporation and two members appointed by the Metropolitan Council, and the two appointed members shall be paid, out of the current fund of the Metropolitan Corporation, such annual remuneration as the Metropolitan Council may determine.

(2) Subsection 23 of the said section 238 is amended by striking out "Lieutenant Governor in Council" in the first line and inserting in lieu thereof "Metropolitan Council", so that the subsection shall read as follows:

- (23) The Metropolitan Council may appoint an alternate member for each of the appointed members and any such alternate member has all the powers and duties of the member in the absence or inability to act of such member.

5. This Act comes into force on the day it receives Royal Assent.

6. This Act may be cited as *The Municipality of Metropolitan Toronto Amendment Act, 1970 (No. 2)*.

An Act to amend
The Municipality of Metropolitan
Toronto Act

1st Reading

November 4th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 9th, 1970

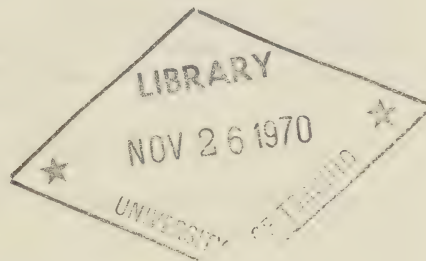
MR. McKEOUGH

BILL 228

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act respecting Facilities for Persons Suffering from
Alcoholism, Addiction to Drugs or Mental
or Emotional Disorders**

MR. PATERSON



EXPLANATORY NOTE

The Bill provides for governing, regulating and licensing centres where persons are treated for alcoholism, drug addiction or emotional disorders.

BILL 228

1970

**An Act respecting Facilities
for Persons Suffering from
Alcoholism, Addiction to Drugs
or Mental or Emotional Disorders**

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. In this Act,

Interpre-
tation

- (a) "Director" means the Director of the Mental Health Division of the Department of Health;
- (b) "mental health centre" or "centre" means premises, facilities and services provided for persons suffering from alcoholism or addiction to drugs or suffering from mental or emotional disorders, but does not include a centre to which *The Children's Mental Health Centres Act, 1968-69* applies, a psychiatric facility under *The Mental Health Act, 1967* or a hospital, clinic or centre established, conducted, managed or operated by the Foundation established under *The Alcoholism and Drug Addiction Research Foundation Act, 1965*; 1968-69,
c. 10,
1967, c. 51
- (c) "Minister" means the Minister of Health;
- (d) "regulations" means the regulations made under this Act.

2. No person shall establish, operate or maintain a centre except under the authority of a licence issued by the Director, and the Director may issue a licence upon such terms and subject to such conditions as are specified in the licence or the regulations. Licences
required

3. The Director may refuse to issue a licence where the proposed operation would be in contravention of this Act or the regulations. Refusal to
issue

Revocation
of licences

4. Subject to sections 6 to 12, the Director may revoke a licence where the centre is operated,

- (a) in contravention of this Act or the regulations;
- (b) in breach of a condition of the licence; or
- (c) in a manner that, in the opinion of the Director, is contrary to the best interests of the public or the persons in the centre.

Licensing
Review
Board

5.—(1) The Lieutenant Governor in Council shall appoint a Board, consisting of not more than five members, to be known as the Licensing Review Board, and may designate one member of the Board as chairman.

Quorum

(2) Three members of the Licensing Review Board constitute a quorum.

Refusal to
issue or
revocation

6.—(1) Where the Director refuses to issue or proposes to revoke a licence, he shall give notice thereof to the applicant or licensee, together with written reasons for his refusal or proposed revocation, and the applicant or licensee may, by written notice given to the Director and the Board within fifteen days after the receipt of the notice of refusal or proposed revocation, require a hearing by the Board.

Hearing by
Board

(2) The Board shall fix a date for the hearing and shall serve notice of the hearing on the parties at least ten days before the day fixed.

Contents
of notice

(3) The notice of hearing shall contain,

- (a) a statement of the time and place of the hearing, which shall not be longer than thirty days after notice is given to the Board under subsection 1;
- (b) a statement of the statutory power under which the hearing is being held;
- (c) a reference to the rules of procedure applicable to the hearing;
- (d) a concise statement of the issues; and
- (e) a statement that, if a party who has been duly notified does not attend at the hearing, the Board may proceed in his absence and he is not entitled to notice of any further proceedings.

7.—(1) The Director, the applicant or licensee and any ^{Parties} other person specified by the Board are parties to the hearing.

(2) If a person who has been duly notified of a hearing does ^{Failure to attend} not attend, the Board may proceed in his absence.

8.—(1) A hearing may be adjourned from time to time by ^{Adjournment} the Board on reasonable grounds,

(a) on its own motion; or

(b) on the motion of any party to the hearing.

(2) The Board may command the attendance before it of ^{Subpoenas} any person as a witness.

(3) The Board may require any person, ^{Oaths}

(a) to give evidence on oath or by affirmation at a hearing; and

(b) to produce such documents and things as the Board requires.

(4) The Board may admit evidence not given under oath. ^{Idem}

(5) Any person who, without lawful excuse, ^{Offences}

(a) on being duly summoned as a witness before the Board, makes default in attending; or

(b) being in attendance as a witness before the Board, refuses to take an oath or affirmation legally required by the Board to be taken, or to produce any document or thing in his power or control legally required by the Board to be produced by him, or to answer any question to which the Board may legally require an answer; or

(c) does any other thing that would, if the Board had been a court of law having power to commit for contempt, have been contempt of that court,

is guilty of an offence.

(6) The Board may certify an offence under subsection 5 ^{Enforcement} to the High Court and that court may thereupon inquire into the offence and after hearing any witnesses who may be produced against or on behalf of the person charged with the offence, and after hearing any statement that may be offered

in defence, punish or take steps for the punishment of that person in like manner as if he had been guilty of contempt of the court.

Right of
party to
counsel

9.—(1) Any party may be represented before the Board by counsel or agent.

Right of
witness to
counsel

(2) Any witness may be represented before the Board by counsel or agent, but at the hearing the counsel or agent may only advise the witness and state objections under the provisions of the relevant law.

Rights of
parties at
hearing

(3) Any party who is present at a hearing before the Board may call and examine his witnesses, cross-examine opposing witnesses and present his arguments and submissions.

Hearings
public

(4) All hearings shall be open to the public except where, in the opinion of the Board, it would not be in the best interests of a person in a centre, in which case the Board shall hold the hearing or part thereof affecting such matter *in camera*.

Exclusion
of counsel

(5) Where a hearing is *in camera*, a counsel or agent for a witness shall be excluded except when that witness is giving evidence.

Evidence

10.—(1) Upon a review, the Board shall hear such evidence as is submitted to it that in its opinion is relevant to the matter in dispute, and all oral evidence submitted shall be taken down in writing and, together with such documentary evidence and things as are received in evidence by the Board, form the record.

Release of
exhibits

(2) Documents and things put in evidence at a hearing shall, upon the request of the person who produced them, be released to him by the Board within a reasonable time after the matter in issue has been finally determined.

Powers of
Board

11.—(1) The Board may, after the hearing, confirm or alter the decision of the Director or direct the Director to do any act the Director is authorized to do under this Act and as the Board considers proper and for this purpose the Board may substitute its opinion for that of the Director.

Decision to
be in
writing

(2) The decision of the Board, including the reasons therefor, shall be in writing.

(3) The reasons for the final decision shall contain, Contents of reasons for decision

(a) the findings of fact on the evidence and any information or knowledge used in reaching the decision;

(b) any agreed findings of fact; and

(c) the conclusions of law based on the findings mentioned in clauses *a* and *b*.

(4) The Board shall serve each party with a copy of its Notice of decision final decision, together with the reasons therefor and a notice stating the right of appeal.

12.—(1) Any party to the hearing before the Board may appeal from the decision of the Board to the Court of Appeal Appeal to Court of Appeal and the practice and procedure as to the appeal and proceedings incidental thereto are the same *mutatis mutandis* as upon an appeal from the High Court.

(2) The Minister may designate counsel to assist the court Counsel upon the hearing of an appeal under this section.

(3) An appeal under this section may be made on questions Decision of court of law or fact or both and the court may confirm or alter the decision of the Board or direct the Director or the Board to do any act the Director or the Board is authorized to do under this Act and as the court considers proper, and the court may substitute its opinion for that of the Director and the Board and may exercise the same powers as it exercises on an appeal from a judge of the High Court sitting without a jury.

(4) The decision of the Court of Appeal is final. Idem

13.—(1) The Minister may appoint inspectors for the Inspectors purposes of this Act and the regulations.

(2) Every centre and its books and records shall at all Powers reasonable times be open to inspection by an inspector.

(3) Where an inspector believes on reasonable grounds that Idem any premises are being used for the purposes of a mental health centre he may at any reasonable time, and from time to time, enter and inspect such premises and every part thereof.

14. Any person who contravenes this Act or the regulations Offence is guilty of an offence and on summary conviction is liable to a fine of not more than \$2,000.

Regulations **15.** The Lieutenant Governor in Council may make regulations,

- (a) providing for issuing of licences or provisional licences for centres and prescribing the terms and conditions of licences;
- (b) governing the management, conduct, operation and use of centres;
- (c) governing and prescribing the accommodation, facilities, equipment and services in centres;
- (d) providing for the officers and staff of centres and their qualifications;
- (e) governing the establishment, location and construction of centres and their alteration and renovation;
- (f) prescribing the duties and qualifications of inspectors;
- (g) requiring persons operating centres to furnish such information and returns as are prescribed;
- (h) prescribing forms for the purposes of this Act and the regulations and providing for their use.

Commence-
ment **16.** This Act comes into force on a day to be named by the Lieutenant Governor by his proclamation.

Short title **17.** This Act may be cited as *The Alcoholism, Drug Addiction and Mental Health Centres Act, 1970*.

An Act respecting Facilities
for Persons Suffering from
Alcoholism, Addiction to Drugs
or Mental or Emotional Disorders

1st Reading

November 4th, 1970

2nd Reading

3rd Reading

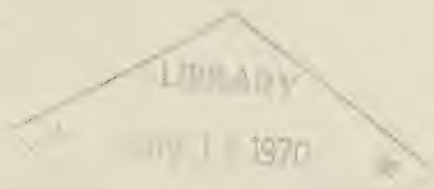
MR. PATERSON

BILL 229

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Public Service Act, 1961-62

MR. WELCH



EXPLANATORY NOTE

The amendments are complementary to Bill 217, An Act to provide for Collective Bargaining for Crown Employees.

BILL 229

1970

An Act to amend The Public Service Act, 1961-62

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Clause *da* of section 1 of *The Public Service Act, 1961-62*,^{1961-62, c. 121, s. 1,} as enacted by section 1 of *The Public Service Amendment Act, 1962-63*,^{cl. *da* (1962-63, c. 118, s. 1), amended} is amended by striking out "the Workmen's Compensation Board" in the fourth and fifth lines, so that the clause shall read as follows:

(*da*) "Crown employee" means a person employed in the service of the Crown or any agency of the Crown, but does not include an employee of The Hydro-Electric Power Commission of Ontario or the Ontario Northland Transportation Commission.

2. Clause *b* of section 4 of *The Public Service Act, 1961-62*,^{1961-62, c. 121, s. 4,} as amended by section 1 of *The Public Service Amendment Act, 1968*,^{cl. *b*, re-enacted} is repealed and the following substituted therefor:

(*b*) recommend to the Lieutenant Governor in Council the salary range for each classification, except a previously established classification for which a salary range is determined through bargaining pursuant to *The Crown Employees Collective Bargaining Act, 1970*.^{1970, c. —}

3. Section 19*a* of *The Public Service Act, 1961-62*, as enacted^{1961-62, c. 121, s. 19*a*} by section 6 of *The Public Service Amendment Act, 1962-63*^{(1962-63, c. 118, s. 6),} and amended by section 2 of *The Public Service Amendment Act, 1966* and section 2 of *The Public Service Amendment Act, 1968*, is repealed.^{repealed}

4. Section 19*b* of *The Public Service Act, 1961-62*, as enacted^{1961-62, c. 121, s. 19*b*} by section 6 of *The Public Service Amendment Act, 1962-63* and^{(1962-63, c. 118, s. 6),} amended by section 3 of *The Public Service Amendment Act, 1966*, is repealed.^{repealed}

1961-62,
c. 121, s. 20,
subs. 1,
cl. b,
re-enacted

5. Clause *b* of subsection 1 of section 20 of *The Public Service Act, 1961-62*, as amended by section 3 of *The Public Service Amendment Act, 1968*, is repealed and the following substituted therefor:

- (b) prescribing classifications for positions, including qualifications, duties and salaries, except salaries for previously established classifications for which salaries are determined through bargaining pursuant to *The Crown Employees Collective Bargaining Act, 1970*.

1970, c.—

1961-62,
c. 121, s. 20,
subs. 1, cl. *r*
(1962-63,
c. 118, s. 7,
subs. 3),
repealed

6. Clause *r* of subsection 1 of the said section 20, as re-enacted by subsection 3 of section 7 of *The Public Service Amendment Act, 1962-63* and amended by subsection 2 of section 5 of *The Public Service Amendment Act, 1965*, is repealed.

Commence-
ment

7. This Act comes into force on a day to be named by the Lieutenant Governor by his proclamation.

Short
title

8. This Act may be cited as *The Public Service Amendment Act, 1970*.

An Act to amend
The Public Service Act, 1961-62

1st Reading

November 5th, 1970

2nd Reading

3rd Reading

MR. WELCH

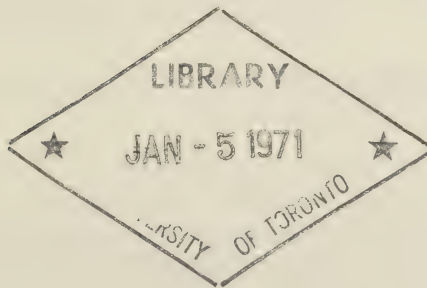
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BILL 230

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Insurance Act

MR. LAWRENCE (Carleton East)



EXPLANATORY NOTES

SECTION 1. The definition of actuary is moved from Part X by section 15 of this Bill and redefined to recognize The Canadian Institute of Actuaries.

SECTION 2. Complementary to section 17 of this Bill.

SECTION 3. Self-explanatory.

SECTION 4. The capital requirements for the licencing of insurers in the case of life insurers is increased from the existing requirement of \$500,000 of capital and \$500,000 of unimpaired surplus to \$2,000,000 of capital of which at least \$1,000,000 is paid up and at least \$500,000 is unimpaired surplus. In the case of other than life insurers, the licencing requirement of unimpaired surplus of not less than \$100,000 is now changed to a minimum capital requirement of not less than \$1,000,000 of which at least \$500,000 is paid up capital and at least \$250,000 is unimpaired surplus.

BILL 230

1970

An Act to amend The Insurance Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 1 of *The Insurance Act*, as amended by section 1 of *The Insurance Amendment Act, 1961-62*, section 1 of *The Insurance Amendment Act, 1964*, section 1 of *The Insurance Amendment Act, 1966* and section 1 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following paragraph:

R.S.O. 1960,
c. 190, s. 1,
amended

1b. "actuary" means a Fellow of the Canadian Institute of Actuaries.

2. Subsection 2 of section 18 of *The Insurance Act* is amended by striking out "*The Corporations Act*" in the third line and inserting in lieu thereof "this Act", so that the subsection shall read as follows:

R.S.O. 1960,
c. 190, s. 18,
subs. 2,
amended

(2) In his annual report the Superintendent shall allow as assets only such of the investments of the several insurers as are authorized by this Act, or by their Acts or instruments of incorporation, or by the general Acts applicable to such investments.

Permissible
investments

3. *The Insurance Act* is amended by adding thereto the following section:

R.S.O. 1960,
c. 190,
amended

18a. The Superintendent may publish from time to time notices, reports, correspondence, results of hearings, decisions and any other matter considered by the Superintendent to be in the public interest.

Publication
by
Superintendent

4.—(1) Subsection 1 of section 29 of *The Insurance Act*, as re-enacted by section 4 of *The Insurance Amendment Act, 1966*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 29,
subs. 1
(1966, c. 71,
s. 4),
re-enacted

Capital
requirements
for licence

- (1) A licence shall not be granted to a joint stock insurance company unless the company furnishes to the Superintendent satisfactory evidence that,

(a) if the company is applying for a licence to transact the business of life insurance, the company has paid up capital and surplus of not less than \$2,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$1,000,000 is paid up capital and at least \$500,000 is unimpaired surplus; and

(b) if the company is applying for a licence to transact any class or classes of business other than life insurance, the company has paid up capital and surplus of not less than \$1,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$500,000 is paid up capital and at least \$250,000 is unimpaired surplus.

Application
of subs. 1

- (2) Subsection 1 does not apply to a joint stock company licensed before the 1st day of January, 1971.

R.S.O. 1960,
c. 190, s. 32,
subs. 3,
re-enacted

5. Subsection 3 of section 32 of *The Insurance Act* is repealed and the following substituted therefor:

Conditions
precedent to
issue of
licence
R.S.O. 1960,
c. 71

- (3) The Minister shall not issue the licence until he is satisfied that all the requirements of this Act and of *The Corporations Act* as to the subscriptions for shares in the capital of the insurer, the payment of money by shareholders on account of their subscriptions, the election of directors and other preliminaries have been complied with, and unless he is satisfied that the expenses of incorporation and organization, including any commission payable in connection with subscriptions for shares in the capital of the insurer, are reasonable.

R.S.O. 1960,
c. 190, s. 34,
subs. 2,
re-enacted

6. Subsection 2 of section 34 of *The Insurance Act* is repealed and the following substituted therefor:

Term of
licence

- (2) The licence expires on the 30th day of June in each year, subject to renewal by the Superintendent on or before that date.

Conditions
of licence

- (3) Any licence may be issued or renewed subject to such limitations or conditions as the Minister considers appropriate.

SECTION 5. The amendment replaces reference to capital stock to reference to capital.

SECTION 6. The amendment extends the Minister's power to impose limitations and conditions on licences.

SECTION 7. The new provisions enable the Superintendent to take control of an insurer, under certain conditions, to determine the degree of its financial difficulties and, if necessary, to manage it for rehabilitation purposes.

- (4) Notwithstanding subsections 2 and 3, the Minister ^{Variation of licence} may at any time and in respect of any licence of an insurer,

- (a) reduce the term for which the licence was issued or renewed;
- (b) impose any conditions or limitations relating to the carrying on of the insurer's business that he considers appropriate; or
- (c) vary, amend or revoke any condition or limitation to which the licence is then subject,

but the Minister may not exercise any power granted under this subsection until he has given the insurer notice of his intention to exercise such power and has afforded the insurer a reasonable opportunity to be heard with respect thereto.

7. *The Insurance Act* is amended by adding thereto the ^{R.S.O. 1960, c. 190, amended} following sections:

37a.—(1) Where it comes to the attention of the Superintendent that an insurer incorporated or ^{Assets not accounted for} organized under the laws of Ontario may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Superintendent is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such insurer and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 37b.

- (2) The Superintendent may release any assets under his ^{Release of assets} possession and control that he considers advisable for the purposes of the insurer.

37b.—(1) Where the Superintendent is of the opinion ^{Report to Minister} that the assets of an insurer incorporated or organized under the laws of Ontario are not sufficient to justify its continuance in business or to provide for its obligations under its policies he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the insurer to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Superintendent under subsection 1, the Minister may do one or both of the following,

- (a) make the insurer's licence subject to such limitations or conditions as he considers appropriate;
- (b) prescribe a time within which the insurer shall make good any deficiency of assets.

Subsequent
action

- (3) If the insurer fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension thereof subsequently given by the Minister, the Minister shall submit the report of the Superintendent to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Superintendent to take possession and control of the assets of the insurer and the Superintendent shall deliver a copy of the order to an officer of the insurer.

Appointment
of
appraisers

- (4) For the purposes of this section, the Minister may appoint such persons as he considers necessary to value and appraise the assets and liabilities of the insurer and report upon its condition and its ability, or otherwise, to meet its liabilities.

Power of
Superinten-
dent
upon taking
control

- 37c.—(1) If so ordered by the Lieutenant Governor in Council under section 37*b*, the Superintendent shall take possession and control of the assets of the insurer and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Superintendent has all the powers of the board of directors of the insurer, and, without limiting the generality of the foregoing, the Superintendent may,

- (a) exclude the directors, officers, servants and agents of the insurer from the premises, property and business of the insurer; and
- (b) carry on, manage and conduct the operations of the insurer and in the name of the insurer

preserve, maintain, realize, dispose of and add to the property of the insurer, receive the incomes and revenues of the insurer and exercise all the powers of the insurer.

- (2) While the Superintendent has possession and control of the assets of an insurer under this section, the Minister may direct the Superintendent to apply to the court for an order for the winding up of the insurer under Part VII of *The Corporations Act*. Application to court
R.S.O. 1960,
c. 71
- (3) Where the Superintendent is in possession and control of the assets of an insurer and is conducting its business, he may appoint one or more persons to manage and operate the business of the insurer and,
 - (a) each person so appointed is a representative of the Superintendent; and
 - (b) the remuneration of any such person, other than an employee of the office of the Superintendent, shall be fixed by the Minister.
- (4) Whenever the Minister believes that an insurer, the assets of which are in the possession and control of the Superintendent, meets all the requirements of this Act and that it is otherwise proper for the insurer to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Relinquish-
ing control
- (5) If the Minister, on the report of the Superintendent, considers that further efforts to rehabilitate an insurer, the assets of which are in the possession and control of the Superintendent, would be futile, he may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Where
rehabilita-
tion
efforts futile
- (6) The expenses of the Superintendent incurred in rehabilitation proceedings under this section and sections 37a and 37b shall be paid by all insurers licensed under this Act to carry on business of the same class or classes as the insurer who is the subject Expenses of
proceedings

of the proceedings, and the share of each shall be the proportion of the expenses that the net premium income received from the insurer's policyholders in Ontario in its last preceding fiscal year bears to the total net premium income received from the policyholders in Ontario by all insurers of that class in their respective last preceding fiscal years.

Advisory
committee

- (7) The insurers required to bear the said expenses of the Superintendent may appoint a committee of not more than six members to advise the Superintendent in respect of all matters pertinent to the rehabilitation of the insurer whose assets are in the possession and control of the Superintendent.

Appeal

- 37*d*.—(1) Notwithstanding section 37*c*, an insurer may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 37*b* within thirty days after the delivery of a copy of the order to an officer of the insurer, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.

Stay

- (2) An order of the Lieutenant Governor in Council under section 37*b* shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.

Material
on appeal

- (3) The Minister shall certify to the Registrar of the Supreme Court,
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Superintendent to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Superintendent, the Minister or the Lieutenant Governor in Council.

Representa-
tion

- (4) The Minister is entitled to be heard, by counsel or otherwise, upon the argument of an appeal under this section.

SECTION 8. The new provision ensures that the Superintendent is informed of transfers of shares of an insurance company indicating a transfer of control.

SECTION 9. New provisions are provided respecting the segregated funds of life insurers upon which variable insurance contracts may be issued.

Also an information folder respecting variable insurance contracts is required to be filed with the Superintendent.

(5) Where an appeal is taken under this section, the judge may by order direct the Superintendent to take such action as the judge considers proper or refrain from taking any action specified in the order and the Superintendent shall act accordingly. Order

(6) The order of the judge is final and there is no appeal therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section. Further decision

8. *The Insurance Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 190,
amended

74. No transfers of shares of an insurer shall be entered in the book or books maintained for that purpose until thirty days after notice thereof has been deposited with the Superintendent if, Report on
share
transfers

(a) the transfer relates to 10 per cent or more of the issued shares of the insurer for the time being enjoying voting rights; or

(b) the directors have reason to believe that the transfer would result in a majority of the issued shares of the insurer for the time being enjoying voting rights being beneficially owned by any one person.

9. Section 80a as enacted by section 3 of *The Insurance Amendment Act, 1961-62* and section 80b as enacted by section 5 of *The Insurance Amendment Act, 1962-63*, of the *Insurance Act* are repealed and the following substituted therefor: R.S.O. 1960,
c. 190, s. 80a
(1961-62, c.
63, s. 3),
s. 80b, (1962-
63, c. 64,
s. 5),
re-enacted

80a.—(1) Any insurer incorporated and licensed under the laws of Ontario to transact the business of life insurance may, Authoriza-
tion for
variable
contracts
based on
segregated
funds

(a) issue policies for which the reserves vary in amount with the market value of a specified group of assets; and

(b) retain for investment,

(i) policy dividends,

(ii) policy proceeds that become payable on surrender or maturity of the policy not less than five years from the date of its issue if the policyholder so directs, and

(iii) policy proceeds that become payable on the death of the policyholder if the policyholder or beneficiary so directs,

on the basis that the liability of the insurer in respect thereof varies in amount with the market value of a specified group of assets,

and the insurer shall maintain in respect of such policies, dividends and proceeds, as the case may be, one or more separate and distinct funds with separate assets for each such fund.

How fund
created

(2) For the purpose of creating a separate and distinct fund under subsection 1, an insurer may, if duly authorized by by-law,

(a) make a transfer from the shareholders' fund but the amount so transferred shall not exceed the surplus in the shareholders' fund; and

(b) make a transfer of assets from one or more life insurance funds, but,

(i) the maximum amount that may be transferred from any life insurance fund is the amount by which 25 per cent of the surplus in that fund exceeds the aggregate of all prior transfers from that fund to all such separate and distinct funds under this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to that fund pursuant to clause *a* of subsection 5; and

(ii) the maximum amount that may be transferred from all life insurance funds is the amount by which 10 per cent of the surplus in those funds or \$2,000,000, whichever is the lesser, exceeds the aggregate of all prior transfers from those funds to all such separate and distinct funds pursuant

to this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to all life insurance funds pursuant to clause *a* of subsection 5.

- (3) For the purpose of maintaining a separate and distinct fund under subsection 1, an insurer may from time to time make transfers from a life insurance fund, ^{Transfers to fund}
 - (a) to the extent that the assets of the separate and distinct fund are not sufficient to provide for any benefits guaranteed under the terms of the policies for which the separate fund is held; or
 - (b) in any case other than that mentioned in clause *a*, if the insurer provides evidence satisfactory to the Superintendent that such transfers are necessary for the proper administration of the policies or deposits for which the separate fund is held.
- (4) Where for the purposes of subsection 2 the surplus in ^{Surplus} any fund is required to be determined, the surplus shall be taken as shown in the most recent annual statement filed with the Superintendent.
- (5) Where a separate and distinct fund is maintained under subsection 1, the assets of such fund shall, ^{Segregation of assets for policies} subject to subsection 3, be available only to meet the liabilities arising under the policies or deposits in respect of which such fund is maintained, except that,
 - (a) any amount representing the value of a transfer, or any part thereof, to such separate and distinct fund under subsection 2 or clause *b* of subsection 3, may, with the approval of the Superintendent, be transferred back to the fund or funds from which such transfer was made, and, where there is more than one such fund, the amount transferred back to each shall be that proportion of the whole amount that the amount transferred from that fund to the separate and distinct fund was to the total amount so transferred from all the funds; and
 - (b) any assets, other than assets in respect of a transfer to the separate and distinct fund

under subsection 2 or clause *b* of subsection 3, remaining in the separate and distinct fund after the discharge of all the insurer's liabilities in respect of the policies or deposits for which the fund is maintained, may be transferred to such other fund as the directors may determine.

Value of transfers

- (6) For the purposes of clause *b* of subsection 2, the value of any assets transferred to or from a separate and distinct fund shall be taken as the value thereof at the time of transfer to that fund and, for all other purposes, the value from time to time of any assets that have been transferred to a separate and distinct fund maintained under subsection 1 shall be the market value of such assets.

Exception from investment limitations

- (7) Where a separate and distinct fund is maintained under subsection 1, the percentage limits specified in clauses *e* and *f* of section 357 do not apply to the investments and loans constituting the assets of the fund and in the application of those limits to the insurer as a whole the assets of any such separate fund shall not be taken into account.

Definition of variable insurance contracts

- 80*b*.—(1) In this section, “variable insurance contract” means an annuity or life insurance contract for which the reserves or a part thereof vary in amount with the market value of a specified group of assets held in a separate and distinct fund and includes a life insurance contract under which policy dividends or policy proceeds may be retained for investment in such a fund.

Prohibition

- (2) No insurer shall issue a variable insurance contract or offer to enter into a variable insurance contract that under this Act would be deemed to be made in Ontario until there has been filed with the Superintendent a specimen form of such variable insurance contract, an information folder pertaining thereto and such other material as may be required under the regulations and a receipt therefor has been obtained from the Superintendent.

Form of contract

- (3) The forms of variable insurance contracts and information folders with respect thereto shall comply with the requirements of Part V of this Act and the regulations.

- (4) The information folder shall provide brief and plain disclosure of all material facts relating to the variable insurance contract and shall contain a certificate to that effect signed by the chief executive officer and the chief financial officer of the insurer or such other persons as the regulations may prescribe. ^{Form of information folder}
- (5) No application for a variable insurance contract shall be accepted by an insurer until the insurer has delivered to the applicant therefor a copy of the latest information folder relating thereto that is on file with the Superintendent. ^{Delivery of information folder}
- (6) So long as an insurer continues to issue a variable insurance contract in respect of which it has filed an information folder, it shall, ^{New information folders}

- (a) forthwith after the occurrence of any material change in the contract or in any other facts set out in the latest information folder so filed; and
- (b) within thirteen months after the date of filing of the latest information folder so filed, or such other period of time as may be provided by the regulations,

file with the Superintendent a new information folder in respect thereof.

- (7) Where it appears to the Superintendent that, ^{Prohibition order}
- (a) an information folder or any other document filed with the Superintendent by an insurer with respect to a variable insurance contract,
 - (i) fails to comply in any substantial respect with the requirements of this Act or the regulations,
 - (ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or
 - (iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made; or

- (b) the financial condition of the insurer or its method of operation in connection with the issuance of its variable insurance contracts will not afford sufficient protection to prospective purchasers of such variable insurance contracts in Ontario,

the Superintendent shall report the same to the Minister and the Minister, if he concurs in the report and after affording the insurer an opportunity to be heard, may order the Superintendent to prohibit the insurer from continuing to issue such variable insurance contracts in Ontario.

Regulations

- (8) The Lieutenant Governor in Council may make regulations,
- (a) prescribing the form and content of variable insurance contracts;
 - (b) prescribing the form, content and time of filing and delivery of information folders;
 - (c) for the furnishing of information by an insurer or an agent thereof to prospective purchasers of variable insurance contracts;
 - (d) prescribing the documents, reports, statements, agreements and other information required to be filed, furnished, or delivered under this section, and the form and content thereof.

Separate accounts

- 80c. Every insurer licensed to transact life insurance shall keep separate and distinct accounts of participating and non-participating business.

R.S.O. 1960,
c. 190,
amended

10. *The Insurance Act* is amended by adding thereto the following section:

Reporting on
applications
to register
under
R.S.C. 1952,
c. 31

- 86a. An insurer incorporated under the laws of Ontario shall notify the Superintendent fourteen days in advance of making application for registration under Part IX of the *Canadian and British Insurance Companies Act* (Canada) or any similar enactment or regulation of the Government of Canada.

R.S.O. 1960,
c. 190, s. 88,
subs. 3, cl. c,
re-enacted

11. Clause *c* of subsection 3 of section 88 of *The Insurance Act* is repealed and the following substituted therefor:

- (c) governing group insurance contracts or schemes, or any class thereof including prescribing and regulating their terms and conditions, qualifications for

SECTION 10. Self-explanatory.

SECTION 11. The regulating power is extended to include regulation of group insurance policies and marketing.

SECTION 12. The failure to provide claim forms is now an offence and the amendment also prevents the insurer from taking advantage of the limitation period.

SECTION 13. The amendment confirms that the statutory conditions prohibit the use of the automobile by an insured whose licence is suspended or cancelled.

SECTION 14. Liability arising from contamination of property in a car is specifically removed from a standard owner's policy.

The amendment permits an insurer to make payments to an injured third party on behalf of its insured prior to entry of judgment and the judgment obtained will take into account the amount of the payment.

membership in groups and regulating the marketing of group insurance contracts or schemes.

- (ca) prescribing and defining the terms and conditions upon which an insurer licensed to transact the business of life insurance may invest its funds in fully paid shares of other corporations under the provisions of this Act.

12. Subsection 2 of section 98 of *The Insurance Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 98,
subs. 2,
re-enacted

- (2) An insurer who neglects or refuses to comply with subsection 1 is guilty of an offence, and, in addition, section 99 is not available to the insurer as a defence to an action brought, after such neglect or refusal, for the recovery of moneys alleged to be payable under the contract of insurance.

Offence

13.—(1) Subcondition 1 of statutory condition 2 of section 204 of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966*, is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

(2) Subcondition 2 of statutory condition 2 of the said section 204 is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) by any person who is a member of the household of the insured while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

14. Part VI of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966* and amended by sections 2, 3, 4, 5 and 6 of *The Insurance Amendment Act, 1967*, section 5 of *The Insurance Amendment Act, 1968* and sections 10, 11, 12, 13, 14 and 15 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following sections:

R.S.O. 1960,
c. 190,
Pt. VI
(1966, c. 71,
s. 11),
amended

Liability
from
ownership

211a. Liability arising from contamination of property carried in an automobile shall not be deemed to be liability arising from the ownership, use or operation of such automobile.

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Advance
payments
and release
by claimant

220a.—(1) Where an insurer makes a payment on behalf of an insured under a contract evidenced by a motor vehicle liability policy to a person who is or alleges himself to be entitled to recover from the insured covered by the policy, the payment constitutes, to the extent of the payment, a release by the person or his personal representative of any claim that the person or his personal representative or any person claiming through or under him or by virtue of *The Fatal Accidents Act* may have against the insured and the insurer.

R.S.O. 1960,
c. 138

Idem

(2) Nothing in this section precludes the insurer making the payment from demanding, as a condition precedent to such payment, a release from the person or his personal representative or any other person to the extent of such payment.

Payment
to be
taken into
account

(3) Where the person commences an action, the court shall adjudicate upon the matter first without reference to the payment but in giving judgment the payment shall be taken into account and the person shall only be entitled to judgment for the net amount, if any.

Intention

(4) The intention of this section is to permit payments to a claimant without prejudice to the defendant or his insurer, either as an admission of liability or otherwise, and the fact of any payment shall not be disclosed to the judge or jury until after judgment but before formal entry thereof.

R.S.O. 1960,
c. 190,
s. 261, cl. a,
repealed

15. Clause a of section 261 of *The Insurance Act* is repealed.

R.S.O. 1960,
c. 190,
s. 342,
re-enacted

16. Section 342 of *The Insurance Act* is repealed and the following substituted therefor:

Interpre-
tation

342. In this Part, "reinsurance" means an agreement whereby contracts made in Ontario by a licensed insurer incorporated or organized under the laws of Ontario or any class or group of such contracts are undertaken or reinsured by another insurer either by novation, transfer, assignment or as a result of amalgamation of the insurers.

SECTION 15. See section 1 of this Bill.

SECTION 16. The amendment clarifies that the only contracts made in Ontario by an insurer that is incorporated or organized under the laws of Ontario are required to be approved for a reinsurance agreement.

SECTION 17. The investment provisions are made uniform with those of federally incorporated insurance companies and the provisions now contained in *The Corporations Act* are transferred to this Part of *The Insurance Act*. The investments that may be made include,

- (a) mortgages in excess of 75 per cent of value if the excess is insured;
- (b) real estate for the production of income based on a part earnings test; and
- (c) authorization by regulation to permit investment in certain corporations which may be operated as ancillaries or subsidiaries.

The new Part XVIII empowers the Superintendent to order the cessation of unfair or deceptive acts or practices in the business of insurance. Such acts or practices include contraventions of the Act, unfair discrimination in rates, false or misleading advertising, etc. The general provision for appeal in section 12 of the Act would apply to the Superintendent's decision.

17. *The Insurance Act* is amended by adding thereto the following Parts: R.S.O. 1960,
c. 190,
amended

PART XVII

INVESTMENTS

354. In this Part, "insurer" means an insurer incorporated or organized under the laws of Ontario and in section 355 includes only a joint stock insurance company, a fraternal society, a mutual insurance corporation and a cash-mutual insurance corporation. Interpre-
tation
- 355.—(1) An insurer may invest its funds or any portion thereof in, Investment
powers
- (a) the bonds, debentures, stocks or other evidences of indebtedness issued or guaranteed by the government of, Government
bonds
 - (i) Canada, Australia, Ceylon, India, New Zealand, Pakistan, the Republic of South Africa, the United Kingdom, or any province or state thereof, or Rhodesia or the Republic of Ireland,
 - (ii) a colony of the United Kingdom,
 - (iii) the United States of America or a state thereof,
 - (iv) a country in which the insurer is carrying on business, or a province or state thereof, or
 - (v) a colony, dependency, territory or possession of any country in which the insurer is carrying on business;
 - (b) the bonds, debentures or other evidences of indebtedness issued or guaranteed by a municipal corporation in Canada or elsewhere where the insurer is carrying on business, or by a school corporation in Canada or elsewhere where the insurer is carrying on business, or secured by rates or taxes levied under the authority of the government of a province of Canada on property situate in such province and collectable by the municipalities in which such property is situate; municipal,
etc.,
securities
 - (c) the bonds, debentures or other securities issued or guaranteed by the International Bank for Reconstruction and Development; bonds issued
or
guaranteed
by the
International
Bank, etc.

bonds issued
or
guaranteed
by the
Inter-
American
Development
Bank

federal
subsidy
bonds

bonds
secured by
provincial
subsidy

debentures
secured by
statutory
charge on
real estate,
plant or
equipment

revenue
bonds

- (d) the bonds, debentures or other securities issued or guaranteed by the Inter-American Development Bank or by the Asian Development Bank;
- (e) the bonds or debentures issued by a corporation that are secured by the assignment to a trust company in Canada of an annual payment that the Government of Canada has agreed to make, if such annual payment is sufficient to meet the interest falling due on the bonds or debentures outstanding and the principal amount of the bonds or debentures maturing for payment in the year in which the annual payment is made;
- (f) the bonds or debentures issued by a charitable, educational or philanthropic corporation that are secured by the payment, assignment or transfer to a trust company in Canada of subsidies, payable by or under the authority of a province of Canada, sufficient to meet the interest as it falls due on the bonds or debentures and the principal amount of the bonds or debentures on maturity;
- (g) the bonds, debentures or other evidences of indebtedness issued by a corporation that are fully secured by statutory charge upon real estate or upon the plant or equipment of the corporation used in the transaction of its business, if interest in full has been paid regularly for a period of at least ten years immediately preceding the date of investment in such bonds, debentures or other evidences of indebtedness upon the securities of that class of the corporation then outstanding;
- (h) the bonds, debentures or other evidences of indebtedness issued by an authority or other body without share capital established and empowered pursuant to the law of a country in which the insurer is carrying on business, or of a province or state thereof, or of a colony, dependency, territory or possession thereof in which the insurer is carrying on business, to administer, regulate the administration of, provide or operate port, harbour, airport, bridge, highway, tunnel, transportation, communication, sanitation, water, electricity or gas services or facilities and, for any of these

purposes, to levy, impose or make taxes, rates, fees or other charges that,

- (i) may be used only in carrying out the objects of the authority or other body and are sufficient to meet its operating, maintenance and debt service charges, or
- (ii) in the case of an authority constituted by an Act of a national government, are fixed or authorized by law or subject to the approval of the government or a minister or ministry thereof or of a body responsible to the government or the minister or ministry;
- (i) the bonds, debentures or other evidences of indebtedness issued by a corporation that are ^{bonds, etc., secured by mortgage} fully secured by a mortgage, charge or hypothec to a trustee or to the insurer upon any, or upon any combination, of the following assets,
 - (i) real estate or leaseholds,
 - (ii) the plant or equipment of a corporation that is used in the transaction of its business, or
 - (iii) bonds, debentures or other evidences of indebtedness or shares, of a class authorized by this subsection as investments, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee,

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized by this Act as investments shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;

- (j) obligations or certificates issued by a trustee ^{equipment trust certificates} to finance the purchase of transportation equipment for a corporation incorporated in Canada or the United States of America to be used on railways or public highways, if the obligations or certificates are fully secured by,
 - (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

debentures

- (ii) a lease or conditional sale thereof by the trustee to the corporation;
- (k) the bonds, debentures or other evidences of indebtedness issued or guaranteed by,

- (i) a corporation if, at the date of investment, the preferred shares or the common shares of the corporation are authorized as investments by clause *m* or *n*, or

- (ii) a corporation if its earnings in a period of five years ended less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least one and one-half times the annual interest requirements at the date of investment on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

guaranteed
investment
certificates

- (l) guaranteed investment certificates issued by a trust company incorporated in Canada if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *m* or *n*;

preferred
shares

- (m) the preferred shares of a corporation if,
 - (i) the corporation has paid a dividend in each of the five years immediately

preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

- (ii) the common shares of the corporation are, at the date of investment, authorized as investments by clause *n*;
- (*n*) the fully paid common shares of a corporation ^{common shares} that during a period of five years that ended less than one year before the date of investment has either,

- (i) paid a dividend in each such year upon its common shares, or

- (ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends, as the case may be;

- (*o*) ground rents, mortgages, charges or hypothecs ^{real estate mortgages} on real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, but the amount paid for the mortgage, charge or hypothec together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the investment is made shall not exceed three-quarters of the value of the real estate or leasehold covered thereby;

- (*p*) mortgages, charges or hypothecs on real estate ^{guaranteed or insured real estate mortgages} or leaseholds in Canada or in any country in which the insurer is carrying on business or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the insurer is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the

R.S.C. 1952,
cc. 31, 125

real estate
for the
production
of income

government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada);

(g) real estate or leaseholds for the production of income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,

(i) a lease of the real estate or leasehold is made to, or guaranteed by,

(A) the government, or an agency of the government, of the country in which the real estate or leasehold is situated or of a province, state or municipality of that country, or

(B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *m* or *n*,

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the insurer may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

(r) real estate or leaseholds for the production of ^{other real estate for the production of income} income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold.

(2) An insurer may lend its funds or any portion ^{Lending funds} thereof on the security of,

(a) any bonds, debentures or other evidences of ^{authorized securities} indebtedness, shares or other securities in which the insurer may invest its funds under subsection 1 but the amount of the loan, together with the amount invested therein, if any, shall not exceed in the aggregate the amount that might be invested therein under this Part;

(b) real estate or leaseholds for a term of years or ^{real estate mortgages} other estate or interest in real estate in Canada or in any country in which the insurer is carrying on business but the amount of the loan together with the amount of indebtedness

under any mortgage, charge or hypothec on the real estate or interest therein ranking equally with or prior to the loan shall not exceed 75 per cent of the value of the real estate or interest therein, except that an insurer may accept as part payment for real estate sold by it a mortgage, charge or hypothec for more than 75 per cent of the sale price of the real estate; or

guaranteed
or insured
real estate
mortgages

- (c) real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, notwithstanding that the loan exceeds the amount that the insurer is otherwise authorized to lend, if, to the extent of the excess, the mortgage, charge or hypothec thereon securing the loan is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada).

R.S.C. 1952,
cc. 31, 125

Securities
received on
reorganiza-
tion,
liquidation
or
amalgama-
tion

- (3) Where an insurer owns securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, such securities are to be exchanged for bonds, debentures or other evidences of indebtedness or shares not authorized as investments by the foregoing provisions of this section, the insurer may accept such bonds, debentures or other evidences of indebtedness or shares and they shall be allowed as assets of the insurer in the annual report prepared by the Superintendent for the Minister, only for a period of five years after their acceptance, or such further period as the Lieutenant Governor in Council determines, unless it is shown to the satisfaction of the Lieutenant Governor in Council that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they become eligible as investments under subsection 1.

- (4) an insurer who is a joint stock insurance company or a cash-mutual insurance corporation may make investments or loans not hereinbefore authorized by this section subject to the following provisions,
- (a) investments in real estate or leaseholds under this subsection shall be made only for the production of income, and may be made by the insurer in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada, and the insurer may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of an insurer under this subsection in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the insurer; ^{real estate for the production of income}
 - (b) this subsection shall be deemed not to enlarge the authority conferred by subsections 1 and 2 to invest in mortgages, charges or hypothecs and to lend on the security of real estate or leaseholds; and ^{exemption}
 - (c) the total book value of the investments and loans made under this subsection and held by the insurer excluding those that are or at any time since acquisition have been authorized as investments apart from this subsection, shall not exceed 7 per cent of the book value of the total assets of the insurer. ^{limitation}
- (5) An insurer licensed to transact the business of life insurance may invest or lend its life insurance funds or any portion thereof in the purchase of, or on the security of, policies of life insurance issued by the insurer or by any other insurance company licensed to transact the business of life insurance in Canada. ^{Life insurance policies}
- (6) Notwithstanding anything in this Act or in any other Act, an insurer may, ^{National Housing Acts}
- (a) lend its funds or any portion thereof on the security of real estate pursuant to the *National Housing Act, 1954* (Canada) or any amendments thereto, or may make loans on the security of real estate or leaseholds or other ^{1953-54, c. 23 (Can)}

estate or interest therein in excess of 75 per cent of the value of the real estate or interest therein that forms the security for such loan or in excess of the amount that may be loaned in accordance with that Act or any amendments thereto, where the amount of the excess is guaranteed by the Lieutenant Governor in Council or by a municipality under *The Housing Development Act*;

R.S.O. 1960,
c. 182

- (b) if it is licensed to transact the business of life insurance, cause to be formed, or may join with one or more insurance companies licensed to transact the business of life insurance in forming one or more institutional holding companies and one or more institutional housing corporations as defined in the *National Housing Act* (Canada), and may invest its funds in shares or debentures of such holding companies and in shares of such housing corporations to an aggregate amount that, when added to the aggregate amount invested by such insurer under clause c, does not exceed 5 per cent of its total assets in Canada allowed by the Superintendent; and

- (c) if it is licensed to transact the business of life insurance, invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Superintendent in any other classes or types of investment pursuant to the *National Housing Act, 1954* (Canada) or any amendments thereto, including the purchase of land, the improvement thereof, construction of buildings thereon, and the management and disposal of such land and buildings.

1953-54,
c. 23 (Can)

Guaranteed
loans under
1964-65,
c. 24 (Can)
R.S.C. 1952,
c. 110,
1955, c. 46
(Can),
1960-61,
c. 5 (Can)

- (7) An insurer may make guaranteed loans under and in accordance with the provisions of the *Canada Student Loans Act* (Canada), the *Farm Improvement Loans Act* (Canada), the *Fisheries Improvement Loans Act* (Canada) or the *Small Businesses Loans Act* (Canada).

Power to
invest in
shares of
certain
corporations

- (8) Notwithstanding anything in subsection 1, an insurer licensed under the laws of Ontario to transact the business of life insurance may invest its funds in the fully paid shares of,

- (a) any corporation incorporated outside Canada to undertake contracts of life insurance;
- (b) any corporation incorporated to provide the insurer or a corporation mentioned in clause *a* with advisory, management or sales distribution services in respect of life insurance contracts or annuities the reserves for which vary in amount depending on the market value of a specified group of assets maintained in a separate and distinct fund;
- (c) any corporation incorporated under the laws of Canada or any province thereof to undertake contracts of insurance other than contracts of life insurance;
- (d) any corporation incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds;
- (e) any corporation incorporated to offer public participation in an investment portfolio;
- (f) any corporation incorporated to provide a corporation mentioned in clause *e* with advisory, management or sales distribution services; or
- (g) with the prior approval of the Minister, any corporation incorporated to carry on any other business reasonably ancillary to the business of insurance,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

- (9) An insurer may take any additional securities of any nature to further secure repayment to it of any loan or investment or to further secure the sufficiency of any of the securities in or upon which it is by this section authorized to invest or lend any of its funds. Additional security may be taken
- (10) Where the constitution, by-laws or rules of an insurer prescribe the securities in which its funds may be invested, nothing in this section enlarges the power of investment. By-laws to prevail
- (11) The Superintendent may direct an insurer to dispose of and realize any of its investments acquired after Disposal of unauthorized investments

the 1st day of May, 1928, and not authorized by this Part, and such insurer shall within sixty days after receiving such direction absolutely dispose of and realize such investments, and, if the amount realized therefrom falls below the amount paid by such insurer for such investments, the directors of the insurer are jointly and severally liable for the payment to such insurer of the amount of the deficiency, but if any director present at the meeting at which such investment is authorized, forthwith, or if any director then absent, within twenty-four hours after he becomes aware of such investment and is able to do so, delivers or sends to the insurer by registered mail his protest against such investment, and, within eight days thereafter, sends a copy thereof by registered mail to the Superintendent, such director thereby and not otherwise exonerates himself from such liability.

Investments
of other
insurers

356. An insurer who is not a joint stock insurance company, a fraternal society, a mutual insurance corporation or a cash-mutual insurance corporation may invest its funds in securities described in clauses *a* to *l* and clauses *o* and *p* of subsection 1 of section 355 and may lend its funds on the security of any such securities.

Restrictions
and
limitations

357. The following restrictions, limitations and prohibitions apply to insurers in the exercise of the investment powers under sections 355 and 356,

(a) an insurer not licensed to transact the business of life insurance shall not invest in or lend its funds upon the security of its own shares or the shares of any corporation transacting the business of insurance;

(b) an insurer licensed to transact the business of life insurance shall not,

(i) invest in the shares of a corporation incorporated in Canada to undertake contracts of life insurance,

(ii) lend its funds upon the security of its own shares, or

(iii) except as provided in section 224*a* of *The Corporations Act*, invest in or purchase its own shares;

- (c) except as to securities issued or guaranteed by the Government of Canada or the government of a province of Canada or a municipal corporation in Canada, an insurer shall not invest in any one security or make a total investment in any one corporation, either by the purchase of shares or other securities of such corporation or by lending to it on the security of its debentures or other assets or any part thereof, of more than 10 per cent of the book value of the total assets of the insurer;
- (d) except as to investments made under subsection 8 of section 355 and as to securities guaranteed by the Government of Canada or the government of a province of Canada or by a municipal corporation in Canada, an insurer shall not make any investment the effect of which will be that it will hold more than 30 per cent of the common shares or 30 per cent of the total issued shares of any one corporation;
- (e) the total book value of the investments of an insurer in common shares, other than its own common shares purchased under section 224a of *The Corporations Act*, shall not exceed 25 ^{R.S.O. 1960, c. 71} per cent of the book value of the total assets of the insurer;
- (f) the total book value of the investments of an insurer in real estate or leaseholds for the production of income under clauses *q* and *r* of subsection 1 of section 355 and subsection 4 of section 355 shall not exceed 10 per cent of the book value of the total assets of the insurer;
- (g) an insurer shall not invest any of its funds in bonds, debentures or other evidences of indebtedness on which the payment of principal or interest is in default; and
- (h) an insurer shall not act as an underwriter in connection with the purchase or sale of any securities or other property of any kind.

358.—(1) An insurer shall not knowingly make an investment, other than a loan on the security of a policy of life insurance issued by it, ^{Prohibited loans and investments}

(a) by way of a loan to,

(i) a director or officer of the insurer, or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the insurer;

(b) in a corporation that is a substantial shareholder of the insurer; or

(c) in a corporation in which,

(i) an individual mentioned in subclause i of clause a,

(ii) an individual who is a substantial shareholder of the insurer,

(iii) another corporation that is a substantial shareholder of the insurer, or

(iv) a group consisting exclusively of individuals mentioned in subclause i of clause a,

has a significant interest.

Disposition

(2) An insurer shall not knowingly retain an investment mentioned in subsection 1.

Interpre-
tation

(3) For the purpose of this section,

“significant
interest”

(a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation if,

(i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or

(ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the corporation for the time being outstanding;

- (b) a person is a substantial shareholder of a ^{“substantial shareholder”} corporation or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all of the equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

- (c) “equity share” means a share of any class to ^{“equity share”} which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;

- (d) “investment” means, ^{“investment”}

- (i) an investment in a corporation by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or

- (ii) a loan to a person or persons,

but does not include any normal working balance between an insurer and any other corporation transacting the business of insurance or any advance or loan that is merely ancillary to the main business of the insurer; and

- (e) notwithstanding paragraph 44 of section 1, ^{“officer”} “officer” means only the president, a vice-president, the secretary, the treasurer, the manager, the controller and the actuary of an insurer and any other person designated as an officer of the insurer by by-law or by resolution of the directors thereof.

"Down-
stream"
investment

- (4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or is deemed by this subsection to own beneficially, shares of a corporation, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other corporation that is owned beneficially, directly or indirectly, by the first-mentioned corporation, that is equal to the proportion of the shares of the first-mentioned corporation that is owned beneficially, directly or indirectly, or is deemed by this subsection to be owned beneficially, by that person or group of persons.

Exception

- (5) Notwithstanding subsection 4, an insurer is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially equity shares of the insurer is, by reason of that subsection, deemed to own beneficially equity shares of such corporation.

Exemption

- (6) Where any person or group of persons is a substantial shareholder of an insurer and, as a consequence thereof and of the application of this section, certain investments are prohibited for the insurer, the Minister may, on the advice of the Superintendent, and on application by the insurer, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,

(a) that the decision of the insurer to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the insurer; and

(b) that the investment is to be made under the power granted to the insurer under this part.

Idem

- (7) Any order of exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Invest-
ments in
corporate
name

- 359.—(1) All investments and deposits of the funds of an insurer shall be made in its corporate name.

- (2) Every insurer shall at all times retain in Canada and under its own control assets of a value at least equal to its total liabilities to its policyholders in Canada. Assets in Canada
- (3) Where the laws of any province, state or country in which any insurer transacts, or is about to transact, business, require that the deposits made or to be made by such insurer in such province, state or country shall be made in the name of or transferred or assigned to, any person or corporation other than the insurer, this section does not prohibit such insurer from making in the name of, or transferring or assigning to, such other person or corporation, the investments and deposits necessary to comply with the said laws. Deposits outside Canada
- (4) No director or officer of an insurer and no member of a committee having any authority in the investment or disposition of its funds shall accept or be the beneficiary of, either directly or indirectly, any fee, brokerage, commission, gift or other consideration for or on account of any loan, deposit, purchase, sale, payment or exchange made by or in behalf of such insurer, or be pecuniarily interested in any such purchase, sale or loan, either as borrower, principal, co-principal, agent or beneficiary, except that, if he is a policyholder, he is entitled to all the benefits accruing under the terms of his contract. Prohibition on directors or officers receiving fees or gifts
- (5) Except as in this section provided, all the securities of an insurer incorporated and licensed under the laws of Ontario shall be held at the head office of the insurer or elsewhere in Ontario and the holding of securities, wherever situated, is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the insurer, as the Lieutenant Governor in Council may prescribe. Securities to be held in Ontario

PART XVIII

UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN THE BUSINESS OF INSURANCE

360. For the purposes of this Part,

Interpretation

- (a) "person" means a person engaged in the business of insurance and includes any individual, corporation, association, partnership, reciprocal or inter-insurance exchange, mem-

ber of the society known as Lloyds, fraternal society, mutual benefit society, agent, broker or adjuster;

- (b) "unfair or deceptive acts or practices in the business of insurance" includes,
- (i) the commission of any act prohibited under this Act, or the regulations;
 - (ii) any unfair discrimination between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged by it for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable thereon or in the terms and conditions thereof,
 - (iii) any unfair discrimination in any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification,
 - (iv) any illustration, circular, memorandum or statement that misrepresents, or by omission is so incomplete that it misrepresents, the terms, benefits or advantages of any policy or contract of insurance issued, or to be issued,
 - (v) any false or misleading statement as to the terms, benefits or advantages of any contract or policy of insurance issued or to be issued,
 - (vi) any incomplete comparison of any policy or contract of insurance with that of any other insurer for the purpose of inducing, or intending to induce, an insured to lapse, forfeit, or surrender a policy or contract,
 - (vii) any payment, allowance or gift, or any offer to pay, allow or give, directly or indirectly, any money or thing of value as an inducement to any prospective insured to insure,
 - (viii) any charge by a person for a premium allowance or fee other than as stipulated in a contract of insurance upon which a sales commission is payable to such person, or

- (ix) any consistent practice or conduct that results in unreasonable delay or resistance to the fair adjustment and settlement of claims.

361. No person shall engage in any unfair or deceptive act or practice in the business of insurance. ^{Prohibition}
362. The Superintendent may examine and investigate the affairs of every person engaged in the business of insurance in Ontario in order to determine whether such person has been, or is, engaged in any unfair or deceptive act or practice. ^{Superintendent may investigate}
- 363.—(1) Where it appears to the Superintendent that any person is engaging in any unfair or deceptive act or practice in the business of insurance, the Superintendent may order that such person cease engaging in his business or any part thereof named in the order, and an order under this subsection may be made subject to such terms and conditions as the Superintendent may specify in the order and the order may be revoked when the Superintendent is satisfied that the unfair and deceptive acts or practices are corrected and not likely to recur. ^{Order of Superintendent}
- (2) No order shall be made under subsection 1 without a hearing unless in the opinion of the Superintendent the length of time required for a hearing could be prejudicial to the public interest, in which event a temporary order may be made which shall expire fifteen days from the date of the making thereof or such longer time as is consented to by the person entitled to the hearing. ^{Hearing}
- (3) A notice of every order made under this Part shall be served upon every person named therein and upon such other persons as the Superintendent considers appropriate and thereupon no person shall engage in that part of the business of insurance that is the subject of the order. ^{Service and effect of order}
364. Any person who contravenes an order of the Superintendent made under this Part is, in addition to any other consequence or remedy provided by law, guilty of an offence punishable in the same manner as if the person were undertaking insurance or carrying on business in Ontario without holding a licence to do so. ^{Penalty}

18. This Act comes into force on the day it receives Royal Assent. ^{Commencement}

19. This Act may be cited as *The Insurance Amendment Act, 1970*. ^{Short title}

An Act to amend
The Insurance Act

1st Reading

2nd Reading

3rd Reading

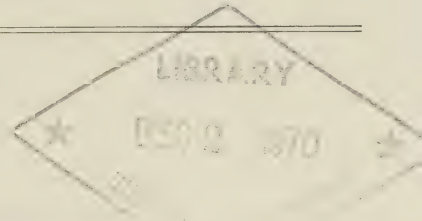
MR. LAWRENCE (Carleton East)

CA20N
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-B 56

BILL 230

Government
Publications

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Insurance Act

MR. LAWRENCE (Carleton East)

(Reprinted as amended by the Legal and Municipal Committee)

EXPLANATORY NOTES

SECTION 1. The definition of actuary is moved from Part X by section 15 of this Bill and redefined to recognize The Canadian Institute of Actuaries.

SECTION 2. Complementary to section 17 of this Bill.

SECTION 3. Self-explanatory.

SECTION 4. The capital requirements for the licencing of insurers in the case of life insurers is increased from the existing requirement of \$500,000 of capital and \$500,000 of unimpaired surplus to \$2,000,000 of capital of which at least \$1,000,000 is paid up and at least \$500,000 is unimpaired surplus. In the case of other than life insurers, the licencing requirement of unimpaired surplus of not less than \$100,000 is now changed to a minimum capital requirement of not less than \$1,000,000 of which at least \$500,000 is paid up capital and at least \$250,000 is unimpaired surplus.

BILL 230

1970

An Act to amend The Insurance Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 1 of *The Insurance Act*, as amended by section 1 of *The Insurance Amendment Act, 1961-62*, section 1 of *The Insurance Amendment Act, 1964*, section 1 of *The Insurance Amendment Act, 1966* and section 1 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following paragraph:

R.S.O. 1960,
c. 190, s. 1,
amended

1b. "actuary" means a Fellow of the Canadian Institute of Actuaries.

2. Subsection 2 of section 18 of *The Insurance Act* is amended by striking out "*The Corporations Act*" in the third line and inserting in lieu thereof "this Act", so that the subsection shall read as follows:

R.S.O. 1960,
c. 190, s. 18,
subs. 2,
amended

(2) In his annual report the Superintendent shall allow as assets only such of the investments of the several insurers as are authorized by this Act, or by their Acts or instruments of incorporation, or by the general Acts applicable to such investments.

Permissible
investments

3. *The Insurance Act* is amended by adding thereto the following section:

R.S.O. 1960,
c. 190,
amended

18a. The Superintendent may publish from time to time notices, reports, correspondence, results of hearings, decisions and any other matter considered by the Superintendent to be in the public interest.

Publication
by
Superintendent

4.—(1) Subsection 1 of section 29 of *The Insurance Act*, as re-enacted by section 4 of *The Insurance Amendment Act, 1966*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 29,
subs. 1
(1966, c. 71,
s. 4),
re-enacted

Capital
requirements
for licence

- (1) A licence shall not be granted to a joint stock insurance company unless the company furnishes to the Superintendent satisfactory evidence that,

(a) if the company is applying for a licence to transact the business of life insurance, the company has paid up capital and surplus of not less than \$2,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$1,000,000 is paid up capital and at least \$500,000 is unimpaired surplus; and

(b) if the company is applying for a licence to transact any class or classes of business other than life insurance, the company has paid up capital and surplus of not less than \$1,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$500,000 is paid up capital and at least \$250,000 is unimpaired surplus.

Application
of subs. 1

- (2) Subsection 1 does not apply to a joint stock company licensed before the 1st day of January, 1971.

R.S.O. 1960,
c. 190, s. 32,
subs. 3,
re-enacted

5. Subsection 3 of section 32 of *The Insurance Act* is repealed and the following substituted therefor:

Conditions
precedent to
issue of
licence
R.S.O. 1960,
c. 71

- (3) The Minister shall not issue the licence until he is satisfied that all the requirements of this Act and of *The Corporations Act* as to the subscriptions for shares in the capital of the insurer, the payment of money by shareholders on account of their subscriptions, the election of directors and other preliminaries have been complied with, and unless he is satisfied that the expenses of incorporation and organization, including any commission payable in connection with subscriptions for shares in the capital of the insurer, are reasonable.

R.S.O. 1960,
c. 190, s. 34,
subs. 2,
re-enacted

6. Subsection 2 of section 34 of *The Insurance Act* is repealed and the following substituted therefor:

Term of
licence

- (2) The licence expires on the 30th day of June in each year, subject to renewal by the Superintendent on or before that date.

Conditions
of licence

- (3) Any licence may be issued or renewed subject to such limitations or conditions as the Minister considers appropriate.

SECTION 5. The amendment replaces reference to capital stock to reference to capital.

SECTION 6. The amendment extends the Minister's power to impose limitations and conditions on licences.

SECTION 7. The new provisions enable the Superintendent to take control of an insurer, under certain conditions, to determine the degree of its financial difficulties and, if necessary, to manage it for rehabilitation purposes.

- (4) Notwithstanding subsections 2 and 3, the Minister ^{Variation of licence} may at any time and in respect of any licence of an insurer,

- (a) reduce the term for which the licence was issued or renewed;
- (b) impose any conditions or limitations relating to the carrying on of the insurer's business that he considers appropriate; or
- (c) vary, amend or revoke any condition or limitation to which the licence is then subject,

but the Minister may not exercise any power granted under this subsection until he has given the insurer notice of his intention to exercise such power and has afforded the insurer a reasonable opportunity to be heard with respect thereto.

7. *The Insurance Act* is amended by adding thereto the ^{R.S.O. 1960, c. 190, amended} following sections:

37a.—(1) Where it comes to the attention of the ^{Assets not accounted for} Superintendent that an insurer incorporated or organized under the laws of Ontario may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Superintendent is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such insurer and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 37b.

- (2) The Superintendent may release any assets under his ^{Release of assets} possession and control that he considers advisable for the purposes of the insurer.

37b.—(1) Where the Superintendent is of the opinion ^{Report to Minister} that the assets of an insurer incorporated or organized under the laws of Ontario are not sufficient to justify its continuance in business or to provide for its obligations under its policies he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the insurer to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Superintendent under subsection 1, the Minister may do one or both of the following,

(a) make the insurer's licence subject to such limitations or conditions as he considers appropriate;

(b) prescribe a time within which the insurer shall make good any deficiency of assets.

Subsequent
action

- (3) If the insurer fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension thereof subsequently given by the Minister, the Minister shall submit the report of the Superintendent to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Superintendent to take possession and control of the assets of the insurer and the Superintendent shall deliver a copy of the order to an officer of the insurer.

Appointment
of
appraisers

- (4) For the purposes of this section, the Minister may appoint such persons as he considers necessary to value and appraise the assets and liabilities of the insurer and report upon its condition and its ability, or otherwise, to meet its liabilities.

Power of
Superinten-
dent
upon taking
control

- 37c.—(1) If so ordered by the Lieutenant Governor in Council under section 37*b*, the Superintendent shall take possession and control of the assets of the insurer and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Superintendent has all the powers of the board of directors of the insurer, and, without limiting the generality of the foregoing, the Superintendent may,

(a) exclude the directors, officers, servants and agents of the insurer from the premises, property and business of the insurer; and

(b) carry on, manage and conduct the operations of the insurer and in the name of the insurer

preserve, maintain, realize, dispose of and add to the property of the insurer, receive the incomes and revenues of the insurer and exercise all the powers of the insurer.

- (2) While the Superintendent has possession and control of the assets of an insurer under this section, the Minister may direct the Superintendent to apply to the court for an order for the winding up of the insurer under Part VII of *The Corporations Act*. Application to court
R.S.O. 1960,
c. 71
- (3) Where the Superintendent is in possession and control of the assets of an insurer and is conducting its business, he may appoint one or more persons to manage and operate the business of the insurer and, Appointment of managers
 - (a) each person so appointed is a representative of the Superintendent; and
 - (b) the remuneration of any such person, other than an employee of the office of the Superintendent, shall be fixed by the Minister.
- (4) Whenever the Minister believes that an insurer, the assets of which are in the possession and control of the Superintendent, meets all the requirements of this Act and that it is otherwise proper for the insurer to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Relinquish-
ing control
- (5) If the Minister, on the report of the Superintendent, considers that further efforts to rehabilitate an insurer, the assets of which are in the possession and control of the Superintendent, would be futile, he may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Where
rehabilita-
tion
efforts futile
- (6) The expenses of the Superintendent incurred in rehabilitation proceedings under this section and sections 37a and 37b shall be paid by all insurers licensed under this Act to carry on business of the same class or classes as the insurer who is the subject Expenses of
proceedings

of the proceedings, and the share of each shall be the proportion of the expenses that the net premium income received from the insurer's policyholders in Ontario in its last preceding fiscal year bears to the total net premium income received from the policyholders in Ontario by all insurers of that class in their respective last preceding fiscal years.

Advisory
committee

- (7) The insurers required to bear the said expenses of the Superintendent may appoint a committee of not more than six members to advise the Superintendent in respect of all matters pertinent to the rehabilitation of the insurer whose assets are in the possession and control of the Superintendent.

Appeal

- 37d.—(1) Notwithstanding section 37c, an insurer may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 37b within thirty days after the delivery of a copy of the order to an officer of the insurer, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.

Stay

- (2) An order of the Lieutenant Governor in Council under section 37b shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.

Material
on appeal

- (3) The Minister shall certify to the Registrar of the Supreme Court,
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Superintendent to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Superintendent, the Minister or the Lieutenant Governor in Council.

Representa-
tion

- (4) The Minister is entitled to be heard, by counsel or otherwise, upon the argument of an appeal under this section.

SECTION 8. The new provision ensures that the Superintendent is informed of transfers of shares of an insurance company indicating a transfer of control.

SECTION 9. New provisions are provided respecting the segregated funds of life insurers upon which variable insurance contracts may be issued.

Also an information folder respecting variable insurance contracts is required to be filed with the Superintendent.

(5) Where an appeal is taken under this section, the judge may by order direct the Superintendent to take such action as the judge considers proper or refrain from taking any action specified in the order and the Superintendent shall act accordingly.

(6) The order of the judge is final and there is no appeal therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section.

8. *The Insurance Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 190,
amended

74. No transfers of shares of an insurer shall be entered in the book or books maintained for that purpose until thirty days after notice thereof has been deposited with the Superintendent if, Report on
share
transfers

(a) the transfer relates to 10 per cent or more of the issued shares of the insurer for the time being enjoying voting rights; or

(b) the directors have reason to believe that the transfer would result in a majority of the issued shares of the insurer for the time being enjoying voting rights being beneficially owned by any one person.

9. Section 80a as enacted by section 3 of *The Insurance Amendment Act, 1961-62* and section 80b as enacted by section 5 of *The Insurance Amendment Act, 1962-63*, of the *Insurance Act* are repealed and the following substituted therefor: R.S.O. 1960,
c. 190, s. 80a
(1961-62, c.
63, s. 3),
s. 80b, (1962-
63, c. 64,
s. 5),
re-enacted

80a.—(1) Any insurer incorporated and licensed under the laws of Ontario to transact the business of life insurance may, Authoriza-
tion for
variable
contracts
based on
segregated
funds

(a) issue policies for which the reserves vary in amount with the market value of a specified group of assets; and

(b) retain for investment,

(i) policy dividends,

(ii) policy proceeds that become payable on surrender or maturity of the policy not less than five years from the date of its issue if the policyholder so directs, and

(iii) policy proceeds that become payable on the death of the policyholder if the policyholder or beneficiary so directs,

on the basis that the liability of the insurer in respect thereof varies in amount with the market value of a specified group of assets,

and the insurer shall maintain in respect of such policies, dividends and proceeds, as the case may be, one or more separate and distinct funds with separate assets for each such fund.

How fund
created

(2) For the purpose of creating a separate and distinct fund under subsection 1, an insurer may, if duly authorized by by-law,

(a) make a transfer from the shareholders' fund but the amount so transferred shall not exceed the surplus in the shareholders' fund; and

(b) make a transfer of assets from one or more life insurance funds, but,

(i) the maximum amount that may be transferred from any life insurance fund is the amount by which 25 per cent of the surplus in that fund exceeds the aggregate of all prior transfers from that fund to all such separate and distinct funds under this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to that fund pursuant to clause *a* of subsection 5; and

(ii) the maximum amount that may be transferred from all life insurance funds is the amount by which 10 per cent of the surplus in those funds or \$2,000,000, whichever is the lesser, exceeds the aggregate of all prior transfers from those funds to all such separate and distinct funds pursuant

to this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to all life insurance funds pursuant to clause *a* of subsection 5.

- (3) For the purpose of maintaining a separate and distinct fund under subsection 1, an insurer may from time to time make transfers from a life insurance fund,
 - (a) to the extent that the assets of the separate and distinct fund are not sufficient to provide for any benefits guaranteed under the terms of the policies for which the separate fund is held; or
 - (b) in any case other than that mentioned in clause *a*, if the insurer provides evidence satisfactory to the Superintendent that such transfers are necessary for the proper administration of the policies or deposits for which the separate fund is held.
- (4) Where for the purposes of subsection 2 the surplus in any fund is required to be determined, the surplus shall be taken as shown in the most recent annual statement filed with the Superintendent.
- (5) Where a separate and distinct fund is maintained under subsection 1, the assets of such fund shall, subject to subsection 3, be available only to meet the liabilities arising under the policies or deposits in respect of which such fund is maintained, except that,
 - (a) any amount representing the value of a transfer, or any part thereof, to such separate and distinct fund under subsection 2 or clause *b* of subsection 3, may, with the approval of the Superintendent, be transferred back to the fund or funds from which such transfer was made, and, where there is more than one such fund, the amount transferred back to each shall be that proportion of the whole amount that the amount transferred from that fund to the separate and distinct fund was to the total amount so transferred from all the funds; and
 - (b) any assets, other than assets in respect of a transfer to the separate and distinct fund

under subsection 2 or clause *b* of subsection 3, remaining in the separate and distinct fund after the discharge of all the insurer's liabilities in respect of the policies or deposits for which the fund is maintained, may be transferred to such other fund as the directors may determine.

Value of
transfers

- (6) For the purposes of clause *b* of subsection 2, the value of any assets transferred to or from a separate and distinct fund shall be taken as the value thereof at the time of transfer to that fund and, for all other purposes, the value from time to time of any assets that have been transferred to a separate and distinct fund maintained under subsection 1 shall be the market value of such assets.

Exception
from
investment
limitations

- (7) Where a separate and distinct fund is maintained under subsection 1, the percentage limits specified in clauses *e* and *f* of section 357 do not apply to the investments and loans constituting the assets of the fund and in the application of those limits to the insurer as a whole the assets of any such separate fund shall not be taken into account.

Definition
of variable
insurance
contracts

- 80*b*.—(1) In this section, “variable insurance contract” means an annuity or life insurance contract for which the reserves or a part thereof vary in amount with the market value of a specified group of assets held in a separate and distinct fund and includes a life insurance contract under which policy dividends or policy proceeds may be retained for investment in such a fund.

Prohibition

- (2) No insurer shall issue a variable insurance contract or offer to enter into a variable insurance contract that under this Act would be deemed to be made in Ontario until there has been filed with the Superintendent a specimen form of such variable insurance contract, an information folder pertaining thereto and such other material as may be required under the regulations and a receipt therefor has been obtained from the Superintendent.

Form of
contract

- (3) The forms of variable insurance contracts and information folders with respect thereto shall comply with the requirements of Part V of this Act and the regulations.

- (4) The information folder shall provide brief and plain disclosure of all material facts relating to the variable insurance contract and shall contain a certificate to that effect signed by the chief executive officer and the chief financial officer of the insurer or such other persons as the regulations may prescribe. ^{Form of information folder}
- (5) No application for a variable insurance contract shall be accepted by an insurer until the insurer has delivered to the applicant therefor a copy of the latest information folder relating thereto that is on file with the Superintendent. ^{Delivery of information folder}
- (6) So long as an insurer continues to issue a variable insurance contract in respect of which it has filed an information folder, it shall, ^{New information folders}
- (a) forthwith after the occurrence of any material change in the contract or in any other facts set out in the latest information folder so filed; and
 - (b) within thirteen months after the date of filing of the latest information folder so filed, or such other period of time as may be provided by the regulations,

file with the Superintendent a new information folder in respect thereof.

- (7) Where it appears to the Superintendent that, ^{Prohibition order}
- (a) an information folder or any other document filed with the Superintendent by an insurer with respect to a variable insurance contract,
 - (i) fails to comply in any substantial respect with the requirements of this Act or the regulations,
 - (ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or
 - (iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made; or

- (b) the financial condition of the insurer or its method of operation in connection with the issuance of its variable insurance contracts will not afford sufficient protection to prospective purchasers of such variable insurance contracts in Ontario,

the Superintendent shall report the same to the Minister and the Minister, if he concurs in the report and after affording the insurer an opportunity to be heard, may order the Superintendent to prohibit the insurer from continuing to issue such variable insurance contracts in Ontario.

Regulations

- (8) The Lieutenant Governor in Council may make regulations,
- (a) prescribing the form and content of variable insurance contracts;
 - (b) prescribing the form, content and time of filing and delivery of information folders;
 - (c) for the furnishing of information by an insurer or an agent thereof to prospective purchasers of variable insurance contracts;
 - (d) prescribing the documents, reports, statements, agreements and other information required to be filed, furnished, or delivered under this section, and the form and content thereof.

Separate accounts

- 80c. Every insurer licensed to transact life insurance shall keep separate and distinct accounts of participating and non-participating business.

R.S.O. 1960,
c. 190,
amended

- 10.** *The Insurance Act* is amended by adding thereto the following section:

Reporting on
applications
to register
under
R.S.C. 1952,
c. 31

- 86a. An insurer incorporated under the laws of Ontario shall notify the Superintendent fourteen days in advance of making application for registration under Part IX of the *Canadian and British Insurance Companies Act* (Canada) or any similar enactment or regulation of the Government of Canada.

R.S.O. 1960,
c. 190, s. 88,
subs. 3, cl. c,
re-enacted

- 11.** Clause *c* of subsection 3 of section 88 of *The Insurance Act* is repealed and the following substituted therefor:

- (c) governing group insurance contracts or schemes, or any class thereof including prescribing and regulating their terms and conditions, qualifications for

SECTION 10. Self-explanatory.

SECTION 11. The regulating power is extended to include regulation of group insurance policies and marketing.

SECTION 12. The failure to provide claim forms is now an offence and the amendment also prevents the insurer from taking advantage of the limitation period.

SECTION 13. The amendment confirms that the statutory conditions prohibit the use of the automobile by an insured whose licence is suspended or cancelled.

SECTION 14. Liability arising from contamination of property in a car is specifically removed from a standard owner's policy.

The amendment permits an insurer to make payments to an injured third party on behalf of its insured prior to entry of judgment and the judgment obtained will take into account the amount of the payment.

membership in groups and regulating the marketing of group insurance contracts or schemes.

- (ca) prescribing and defining the terms and conditions upon which an insurer licensed to transact the business of life insurance may invest its funds in fully paid shares of other corporations under the provisions of this Act.

12. Subsection 2 of section 98 of *The Insurance Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 98,
subs. 2,
re-enacted

- (2) An insurer who neglects or refuses to comply with subsection 1 is guilty of an offence, and, in addition, section 99 is not available to the insurer as a defence to an action brought, after such neglect or refusal, for the recovery of moneys alleged to be payable under the contract of insurance.

Offence

13.—(1) Subcondition 1 of statutory condition 2 of section 204 of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966*, is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

(2) Subcondition 2 of statutory condition 2 of the said section 204 is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) by any person who is a member of the household of the insured while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

14. Part VI of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966* and amended by sections 2, 3, 4, 5 and 6 of *The Insurance Amendment Act, 1967*, section 5 of *The Insurance Amendment Act, 1968* and sections 10, 11, 12, 13, 14 and 15 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following sections:

R.S.O. 1960,
c. 190,
Pt. VI
(1966, c. 71,
s. 11),
amended

Liability
from
ownership

211a. Liability arising from contamination of property carried in an automobile shall not be deemed to be liability arising from the ownership, use or operation of such automobile.

Advance
payments
and release
by claimant

220a.—(1) Where an insurer makes a payment on behalf of an insured under a contract evidenced by a motor vehicle liability policy to a person who is or alleges himself to be entitled to recover from the insured covered by the policy, the payment constitutes, to the extent of the payment, a release by the person or his personal representative of any claim that the person or his personal representative or any person claiming through or under him or by virtue of *The Fatal Accidents Act* may have against the insured and the insurer.

R.S.O. 1960,
c. 138

Idem

(2) Nothing in this section precludes the insurer making the payment from demanding, as a condition precedent to such payment, a release from the person or his personal representative or any other person to the extent of such payment.

Payment
to be
taken into
account

(3) Where the person commences an action, the court shall adjudicate upon the matter first without reference to the payment but in giving judgment the payment shall be taken into account and the person shall only be entitled to judgment for the net amount, if any.

Intention

(4) The intention of this section is to permit payments to a claimant without prejudice to the defendant or his insurer, either as an admission of liability or otherwise, and the fact of any payment shall not be disclosed to the judge or jury until after judgment but before formal entry thereof.

R.S.O. 1960,
c. 190,
s. 261, cl. a,
repealed

15. Clause *a* of section 261 of *The Insurance Act* is repealed.

R.S.O. 1960,
c. 190,
s. 342,
re-enacted

16. Section 342 of *The Insurance Act* is repealed and the following substituted therefor:

Interpre-
tation

342. In this Part, "reinsurance" means an agreement whereby contracts made in Ontario by a licensed insurer incorporated or organized under the laws of Ontario or any class or group of such contracts are undertaken or reinsured by another insurer either by novation, transfer, assignment or as a result of amalgamation of the insurers.

SECTION 15. See section 1 of this Bill.

SECTION 16. The amendment clarifies that the only contracts made in Ontario by an insurer that is incorporated or organized under the laws of Ontario are required to be approved for a reinsurance agreement.

SECTION 17. The investment provisions are made uniform with those of federally incorporated insurance companies and the provisions now contained in *The Corporations Act* are transferred to this Part of *The Insurance Act*. The investments that may be made include,

- (a) mortgages in excess of 75 per cent of value if the excess is insured;
- (b) real estate for the production of income based on a part earnings test; and
- (c) authorization by regulation to permit investment in certain corporations which may be operated as ancillaries or subsidiaries.

The new Part XVIII empowers the Superintendent to order the cessation of unfair or deceptive acts or practices in the business of insurance. Such acts or practices include contraventions of the Act, unfair discrimination in rates, false or misleading advertising, etc. The general provision for appeal in section 12 of the Act would apply to the Superintendent's decision.

17. *The Insurance Act* is amended by adding thereto the following Parts: R.S.O. 1960,
c. 190,
amended

PART XVII

INVESTMENTS

354. In this Part, "insurer" means an insurer incorporated or organized under the laws of Ontario and in section 355 includes only a joint stock insurance company, a fraternal society, a mutual insurance corporation and a cash-mutual insurance corporation. Interpre-
tation
- 355.—(1) An insurer may invest its funds or any portion thereof in, Investment
powers
- (a) the bonds, debentures, stocks or other evidences of indebtedness issued or guaranteed by the government of, Government
bonds
 - (i) Canada, Australia, Ceylon, India, New Zealand, Pakistan, the Republic of South Africa, the United Kingdom, or any province or state thereof, or Rhodesia or the Republic of Ireland,
 - (ii) a colony of the United Kingdom,
 - (iii) the United States of America or a state thereof,
 - (iv) a country in which the insurer is carrying on business, or a province or state thereof, or
 - (v) a colony, dependency, territory or possession of any country in which the insurer is carrying on business;
 - (b) the bonds, debentures or other evidences of indebtedness issued or guaranteed by a municipal corporation in Canada or elsewhere where the insurer is carrying on business, or by a school corporation in Canada or elsewhere where the insurer is carrying on business, or secured by rates or taxes levied under the authority of the government of a province of Canada on property situate in such province and collectable by the municipalities in which such property is situate; municipal
etc.,
securities
 - (c) the bonds, debentures or other securities issued or guaranteed by the International Bank for Reconstruction and Development; bonds issued
or
guaranteed
by the
International
Bank, etc.

bonds issued
or
guaranteed
by the
Inter-
American
Development
Bank

federal
subsidy
bonds

bonds
secured by
provincial
subsidy

debentures
secured by
statutory
charge on
real estate,
plant or
equipment

revenue
bonds

- (d) the bonds, debentures or other securities issued or guaranteed by the Inter-American Development Bank or by the Asian Development Bank;
- (e) the bonds or debentures issued by a corporation that are secured by the assignment to a trust company in Canada of an annual payment that the Government of Canada has agreed to make, if such annual payment is sufficient to meet the interest falling due on the bonds or debentures outstanding and the principal amount of the bonds or debentures maturing for payment in the year in which the annual payment is made;
- (f) the bonds or debentures issued by a charitable, educational or philanthropic corporation that are secured by the payment, assignment or transfer to a trust company in Canada of subsidies, payable by or under the authority of a province of Canada, sufficient to meet the interest as it falls due on the bonds or debentures and the principal amount of the bonds or debentures on maturity;
- (g) the bonds, debentures or other evidences of indebtedness issued by a corporation that are fully secured by statutory charge upon real estate or upon the plant or equipment of the corporation used in the transaction of its business, if interest in full has been paid regularly for a period of at least ten years immediately preceding the date of investment in such bonds, debentures or other evidences of indebtedness upon the securities of that class of the corporation then outstanding;
- (h) the bonds, debentures or other evidences of indebtedness issued by an authority or other body without share capital established and empowered pursuant to the law of a country in which the insurer is carrying on business, or of a province or state thereof, or of a colony, dependency, territory or possession thereof in which the insurer is carrying on business, to administer, regulate the administration of, provide or operate port, harbour, airport, bridge, highway, tunnel, transportation, communication, sanitation, water, electricity or gas services or facilities and, for any of these

purposes, to levy, impose or make taxes, rates, fees or other charges that,

- (i) may be used only in carrying out the objects of the authority or other body and are sufficient to meet its operating, maintenance and debt service charges, or
- (ii) in the case of an authority constituted by an Act of a national government, are fixed or authorized by law or subject to the approval of the government or a minister or ministry thereof or of a body responsible to the government or the minister or ministry;
- (i) the bonds, debentures or other evidences of indebtedness issued by a corporation that are ^{bonds, etc., secured by mortgage} fully secured by a mortgage, charge or hypothec to a trustee or to the insurer upon any, or upon any combination, of the following assets,
 - (i) real estate or leaseholds,
 - (ii) the plant or equipment of a corporation that is used in the transaction of its business, or
 - (iii) bonds, debentures or other evidences of indebtedness or shares, of a class authorized by this subsection as investments, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee,

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized by this Act as investments shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;

- (j) obligations or certificates issued by a trustee ^{equipment trust certificates} to finance the purchase of transportation equipment for a corporation incorporated in Canada or the United States of America to be used on railways or public highways, if the obligations or certificates are fully secured by,
 - (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

debentures

(ii) a lease or conditional sale thereof by the trustee to the corporation;

(k) the bonds, debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of investment, the preferred shares or the common shares of the corporation are authorized as investments by clause *m* or *n*, or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least one and one-half times the annual interest requirements at the date of investment on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

guaranteed
investment
certificates

(l) guaranteed investment certificates issued by a trust company incorporated in Canada if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *m* or *n*;

preferred
shares

(m) the preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately

preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

- (ii) the common shares of the corporation are, at the date of investment, authorized as investments by clause *n*;
- (*n*) the fully paid common shares of a corporation ^{common shares} that during a period of five years that ended less than one year before the date of investment has either,

- (i) paid a dividend in each such year upon its common shares, or
- (ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends, as the case may be;

- (*o*) ground rents, mortgages, charges or hypothecs ^{real estate mortgages} on real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, but the amount paid for the mortgage, charge or hypothec together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the investment is made shall not exceed three-quarters of the value of the real estate or leasehold covered thereby;

- (*p*) mortgages, charges or hypothecs on real estate ^{guaranteed or insured real estate mortgages} or leaseholds in Canada or in any country in which the insurer is carrying on business or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the insurer is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the

R.S.C. 1952,
cc. 31, 125

real estate
for the
production
of income

government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada);

- (q) real estate or leaseholds for the production of income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,
 - (i) a lease of the real estate or leasehold is made to, or guaranteed by,
 - (A) the government, or an agency of the government, of the country in which the real estate or leasehold is situated or of a province, state or municipality of that country, or
 - (B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *m* or *n*,
 - (ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and
 - (iii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the insurer may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

(r) real estate or leaseholds for the production of ^{other real estate for the production of income} income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold.

(2) An insurer may lend its funds or any portion ^{Lending funds} thereof on the security of,

(a) any bonds, debentures or other evidences of ^{authorized securities} indebtedness, shares or other securities in which the insurer may invest its funds under subsection 1 but the amount of the loan, together with the amount invested therein, if any, shall not exceed in the aggregate the amount that might be invested therein under this Part;

(b) real estate or leaseholds for a term of years or ^{real estate mortgages} other estate or interest in real estate in Canada or in any country in which the insurer is carrying on business but the amount of the loan together with the amount of indebtedness

under any mortgage, charge or hypothec on the real estate or interest therein ranking equally with or prior to the loan shall not exceed 75 per cent of the value of the real estate or interest therein, except that an insurer may accept as part payment for real estate sold by it a mortgage, charge or hypothec for more than 75 per cent of the sale price of the real estate; or

guaranteed
or insured
real estate
mortgages

- (c) real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, notwithstanding that the loan exceeds the amount that the insurer is otherwise authorized to lend, if, to the extent of the excess, the mortgage, charge or hypothec thereon securing the loan is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada).

R.S.C. 1952,
cc. 31, 125

Securities
received on
reorganiza-
tion,
liquidation
or
amalgama-
tion

- (3) Where an insurer owns securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, such securities are to be exchanged for bonds, debentures or other evidences of indebtedness or shares not authorized as investments by the foregoing provisions of this section, the insurer may accept such bonds, debentures or other evidences of indebtedness or shares and they shall be allowed as assets of the insurer in the annual report prepared by the Superintendent for the Minister, only for a period of five years after their acceptance, or such further period as the Lieutenant Governor in Council determines, unless it is shown to the satisfaction of the Lieutenant Governor in Council that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they become eligible as investments under subsection 1.

- (4) an insurer who is a joint stock insurance company or a ^{Other assets} cash-mutual insurance corporation may make investments or loans not hereinbefore authorized by this section subject to the following provisions,
- (a) investments in real estate or leaseholds under ^{real estate for the production of income} this subsection shall be made only for the production of income, and may be made by the insurer in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada, and the insurer may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of an insurer under this subsection in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the insurer;
 - (b) this subsection shall be deemed not to enlarge ^{exemption} the authority conferred by subsections 1 and 2 to invest in mortgages, charges or hypothecs and to lend on the security of real estate or leaseholds; and
 - (c) the total book value of the investments and ^{limitation} loans made under this subsection and held by the insurer excluding those that are or at any time since acquisition have been authorized as investments apart from this subsection, shall not exceed 7 per cent of the book value of the total assets of the insurer.
- (5) An insurer licensed to transact the business of life ^{Life insurance policies} insurance may invest or lend its life insurance funds or any portion thereof in the purchase of, or on the security of, policies of life insurance issued by the insurer or by any other insurance company licensed to transact the business of life insurance in Canada.
- (6) Notwithstanding anything in this Act or in any other ^{National Housing Acts} Act, an insurer may,
- (a) lend its funds or any portion thereof on the security of real estate pursuant to the *National Housing Act, 1954* (Canada) or any amend- ^{1953-54, c. 23 (Can)} ments thereto, or may make loans on the security of real estate or leaseholds or other

estate or interest therein in excess of 75 per cent of the value of the real estate or interest therein that forms the security for such loan or in excess of the amount that may be loaned in accordance with that Act or any amendments thereto, where the amount of the excess is guaranteed by the Lieutenant Governor in Council or by a municipality under *The Housing Development Act*;

R.S.O. 1960,
c. 182

- (b) if it is licensed to transact the business of life insurance, cause to be formed, or may join with one or more insurance companies licensed to transact the business of life insurance in forming one or more institutional holding companies and one or more institutional housing corporations as defined in the *National Housing Act* (Canada), and may invest its funds in shares or debentures of such holding companies and in shares of such housing corporations to an aggregate amount that, when added to the aggregate amount invested by such insurer under clause *c*, does not exceed 5 per cent of its total assets in Canada allowed by the Superintendent; and
- (c) if it is licensed to transact the business of life insurance, invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Superintendent in any other classes or types of investment pursuant to the *National Housing Act, 1954* (Canada) or any amendments thereto, including the purchase of land, the improvement thereof, construction of buildings thereon, and the management and disposal of such land and buildings.

1953-54,
c. 23 (Can)

Guaranteed
loans under
1964-65,
c. 24 (Can)
R.S.C. 1952,
c. 110,
1955, c. 46
(Can),
1960-61,
c. 5 (Can)

- (7) An insurer may make guaranteed loans under and in accordance with the provisions of the *Canada Student Loans Act* (Canada), the *Farm Improvement Loans Act* (Canada), the *Fisheries Improvement Loans Act* (Canada) or the *Small Businesses Loans Act* (Canada).

Power to
invest in
shares of
certain
corporations

- (8) Notwithstanding anything in subsection 1, an insurer licensed under the laws of Ontario to transact the business of life insurance may invest its funds in the fully paid shares of,

- (a) any corporation incorporated outside Canada to undertake contracts of life insurance;
- (b) any corporation incorporated to provide the insurer or a corporation mentioned in clause *a* with advisory, management or sales distribution services in respect of life insurance contracts or annuities the reserves for which vary in amount depending on the market value of a specified group of assets maintained in a separate and distinct fund;
- (c) any corporation incorporated under the laws of Canada or any province thereof to undertake contracts of insurance other than contracts of life insurance;
- (d) any corporation incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds;
- (e) any corporation incorporated to offer public participation in an investment portfolio;
- (f) any corporation incorporated to provide a corporation mentioned in clause *e* with advisory, management or sales distribution services; or
- (g) with the prior approval of the Minister, any corporation incorporated to carry on any other business reasonably ancillary to the business of insurance,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

- (9) An insurer may take any additional securities of any nature to further secure repayment to it of any loan or investment or to further secure the sufficiency of any of the securities in or upon which it is by this section authorized to invest or lend any of its funds. Additional security may be taken
- (10) Where the constitution, by-laws or rules of an insurer prescribe the securities in which its funds may be invested, nothing in this section enlarges the power of investment. By-laws to prevail
- (11) The Superintendent may direct an insurer to dispose of and realize any of its investments acquired after Disposal of unauthorized investments

the 1st day of May, 1928, and not authorized by this Part, and such insurer shall within sixty days after receiving such direction absolutely dispose of and realize such investments, and, if the amount realized therefrom falls below the amount paid by such insurer for such investments, the directors of the insurer are jointly and severally liable for the payment to such insurer of the amount of the deficiency, but if any director present at the meeting at which such investment is authorized, forthwith, or if any director then absent, within twenty-four hours after he becomes aware of such investment and is able to do so, delivers or sends to the insurer by registered mail his protest against such investment, and, within eight days thereafter, sends a copy thereof by registered mail to the Superintendent, such director thereby and not otherwise exonerates himself from such liability.

Investments
of other
insurers

356. An insurer who is not a joint stock insurance company, a fraternal society, a mutual insurance corporation or a cash-mutual insurance corporation may invest its funds in securities described in clauses *a* to *l* and clauses *o* and *p* of subsection 1 of section 355 and may lend its funds on the security of any such securities.

Restrictions
and
limitations

357. The following restrictions, limitations and prohibitions apply to insurers in the exercise of the investment powers under sections 355 and 356,

(a) an insurer not licensed to transact the business of life insurance shall not invest in or lend its funds upon the security of its own shares or the shares of any corporation transacting the business of insurance;

(b) an insurer licensed to transact the business of life insurance shall not,

(i) invest in the shares of a corporation incorporated in Canada to undertake contracts of life insurance,

(ii) lend its funds upon the security of its own shares, or

(iii) except as provided in section 224*a* of *The Corporations Act*, invest in or purchase its own shares;

- (c) except as to securities issued or guaranteed by the Government of Canada or the government of a province of Canada or a municipal corporation in Canada, an insurer shall not invest in any one security or make a total investment in any one corporation, either by the purchase of shares or other securities of such corporation or by lending to it on the security of its debentures or other assets or any part thereof, of more than 10 per cent of the book value of the total assets of the insurer;
- (d) except as to investments made under subsection 8 of section 355 and as to securities guaranteed by the Government of Canada or the government of a province of Canada or by a municipal corporation in Canada, an insurer shall not make any investment the effect of which will be that it will hold more than 30 per cent of the common shares or 30 per cent of the total issued shares of any one corporation;
- (e) the total book value of the investments of an insurer in common shares, other than its own common shares purchased under section 224a of *The Corporations Act*, shall not exceed 25 ^{R.S.O. 1960, c. 71} per cent of the book value of the total assets of the insurer;
- (f) the total book value of the investments of an insurer in real estate or leaseholds for the production of income under clauses *q* and *r* of subsection 1 of section 355 and subsection 4 of section 355 shall not exceed 10 per cent of the book value of the total assets of the insurer;
- (g) an insurer shall not invest any of its funds in bonds, debentures or other evidences of indebtedness on which the payment of principal or interest is in default; and
- (h) an insurer shall not act as an underwriter in connection with the purchase or sale of any securities or other property of any kind.

358.—(1) An insurer shall not knowingly make an investment, other than a loan on the security of a policy of life insurance issued by it, ^{Prohibited loans and investments}

(a) by way of a loan to,

(i) a director or officer of the insurer, or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the insurer;

(b) in a corporation that is a substantial shareholder of the insurer; or

(c) in a corporation in which,

(i) an individual mentioned in subclause i of clause *a*,

(ii) an individual who is a substantial shareholder of the insurer,

(iii) another corporation that is a substantial shareholder of the insurer, or

(iv) a group consisting exclusively of individuals mentioned in subclause i of clause *a*,

has a significant interest.

Disposition

(2) An insurer shall not knowingly retain an investment mentioned in subsection 1.

Interpre-
tation

(3) For the purpose of this section,

"significant
interest"

(a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation if,

(i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or

(ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the corporation for the time being outstanding;

(b) a person is a substantial shareholder of a ^{"substantial shareholder"} corporation or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all of the equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

(c) "equity share" means a share of any class to ^{"equity share"} which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;

(d) "investment" means, ^{"investment"}

(i) an investment in a corporation by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or

(ii) a loan to a person or persons,

but does not include any normal working balance between an insurer and any other corporation transacting the business of insurance or any advance or loan that is merely ancillary to the main business of the insurer; and

(e) notwithstanding paragraph 44 of section 1, ^{"officer"} "officer" means only the president, a vice-president, the secretary, the treasurer, the manager, the controller and the actuary of an insurer and any other person designated as an officer of the insurer by by-law or by resolution of the directors thereof.

"Down-
stream"
investment

- (4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or is deemed by this subsection to own beneficially, shares of a corporation, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other corporation that is owned beneficially, directly or indirectly, by the first-mentioned corporation, that is equal to the proportion of the shares of the first-mentioned corporation that is owned beneficially, directly or indirectly, or is deemed by this subsection to be owned beneficially, by that person or group of persons.

Exception

- (5) Notwithstanding subsection 4, an insurer is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially equity shares of the insurer is, by reason of that subsection, deemed to own beneficially equity shares of such corporation.

Exemption

- (6) Where any person or group of persons is a substantial shareholder of an insurer and, as a consequence thereof and of the application of this section, certain investments are prohibited for the insurer, the Minister may, on the advice of the Superintendent, and on application by the insurer, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,

(a) that the decision of the insurer to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the insurer; and

(b) that the investment is to be made under the power granted to the insurer under this part.

Idem

- (7) Any order of exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Invest-
ments in
corporate
name

- 359.—(1) All investments and deposits of the funds of an insurer shall be made in its corporate name.

- (2) Every insurer shall at all times retain in Canada and under its own control assets of a value at least equal to its total liabilities to its policyholders in Canada. ^{Assets in Canada}
- (3) Where the laws of any province, state or country in which any insurer transacts, or is about to transact, business, require that the deposits made or to be made by such insurer in such province, state or country shall be made in the name of or transferred or assigned to, any person or corporation other than the insurer, this section does not prohibit such insurer from making in the name of, or transferring or assigning to, such other person or corporation, the investments and deposits necessary to comply with the said laws. ^{Deposits outside Canada}
- (4) No director or officer of an insurer and no member of a committee having any authority in the investment or disposition of its funds shall accept or be the beneficiary of, either directly or indirectly, any fee, brokerage, commission, gift or other consideration for or on account of any loan, deposit, purchase, sale, payment or exchange made by or in behalf of such insurer, or be pecuniarily interested in any such purchase, sale or loan, either as borrower, principal, co-principal, agent or beneficiary, except that, if he is a policyholder, he is entitled to all the benefits accruing under the terms of his contract. ^{Prohibition on directors or officers receiving fees or gifts}
- (5) Except as in this section provided, all the securities of an insurer incorporated and licensed under the laws of Ontario shall be held at the head office of the insurer or elsewhere in Ontario and the holding of securities, wherever situated, is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the insurer, as the Lieutenant Governor in Council may prescribe. ^{Securities to be held in Ontario}

PART XVIII

UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN THE BUSINESS OF INSURANCE

360. For the purposes of this Part,

^{Interpretation}

- (a) "person" means a person engaged in the business of insurance and includes any individual, corporation, association, partnership, reciprocal or inter-insurance exchange, mem-

ber of the society known as Lloyds, fraternal society, mutual benefit society, agent, broker or adjuster;

- (b) "unfair or deceptive acts or practices in the business of insurance" includes,
- (i) the commission of any act prohibited under this Act, or the regulations;
 - (ii) any unfair discrimination between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged by it for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable thereon or in the terms and conditions thereof,
 - (iii) any unfair discrimination in any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification,
 - (iv) any illustration, circular, memorandum or statement that misrepresents, or by omission is so incomplete that it misrepresents, the terms, benefits or advantages of any policy or contract of insurance issued, or to be issued,
 - (v) any false or misleading statement as to the terms, benefits or advantages of any contract or policy of insurance issued or to be issued,
 - (vi) any incomplete comparison of any policy or contract of insurance with that of any other insurer for the purpose of inducing, or intending to induce, an insured to lapse, forfeit, or surrender a policy or contract,
 - (vii) any payment, allowance or gift, or any offer to pay, allow or give, directly or indirectly, any money or thing of value as an inducement to any prospective insured to insure,
 - (viii) any charge by a person for a premium allowance or fee other than as stipulated in a contract of insurance upon which a sales commission is payable to such person, or

- (ix) any consistent practice or conduct that results in unreasonable delay or resistance to the fair adjustment and settlement of claims.


361. No person shall engage in any unfair or deceptive act ^{Prohibition} or practice in the business of insurance.
362. The Superintendent may examine and investigate the ^{Superintendent may investigate} affairs of every person engaged in the business of insurance in Ontario in order to determine whether such person has been, or is, engaged in any unfair or deceptive act or practice.
- 363.—(1) Where it appears to the Superintendent that ^{Order of Superintendent} any person is engaging in any unfair or deceptive act or practice in the business of insurance, the Superintendent may order that such person cease engaging in his business or any part thereof named in the order, and an order under this subsection may be made subject to such terms and conditions as the Superintendent may specify in the order and the order may be revoked when the Superintendent is satisfied that the unfair and deceptive acts or practices are corrected and not likely to recur.
- (2) No order shall be made under subsection 1 without ^{Hearing} a hearing unless in the opinion of the Superintendent the length of time required for a hearing could be prejudicial to the public interest, in which event a temporary order may be made which shall expire fifteen days from the date of the making thereof or such longer time as is consented to by the person entitled to the hearing.
- (3) A notice of every order made under this Part shall be ^{Service and effect of order} served upon every person named therein and upon such other persons as the Superintendent considers appropriate and thereupon no person shall engage in that part of the business of insurance that is the subject of the order.
364. Any person who contravenes an order of the Superintendent made under this Part is, in addition to any other consequence or remedy provided by law, guilty of an offence punishable in the same manner as if the person were undertaking insurance or carrying on business in Ontario without holding a licence to do so.



18.—(1) Section 208, as amended by section 7 of *The R.S.O. 1960, Corporations Amendment Act, 1962-63*, section 5 of *The C. 71 Corporations Amendment Act, 1964*, section 1 of *The Corporations ss. 208, 209, repealed*

Amendment Act, 1965 and section 13 of *The Corporations Amendment Act, 1968*, and section 209 of *The Corporations Act* are repealed.

References
to repealed
provisions

(2) Any reference in any Act, regulation or document to section 208 or 209 of *The Corporations Act*, or otherwise to the investment provisions of *The Corporations Act* applying to insurers referred to in subsection 1 of section 208 or in section 209 thereof, shall be deemed to be a reference to the corresponding powers in Part XVII of *The Insurance Act*. 

R.S.O. 1960,
c. 190

Commence-
ment

19. This Act comes into force on the day it receives Royal Assent.

Short title

20. This Act may be cited as *The Insurance Amendment Act, 1970*.

An Act to amend
The Insurance Act

1st Reading

November 5th, 1970

2nd Reading

November 9th, 1970

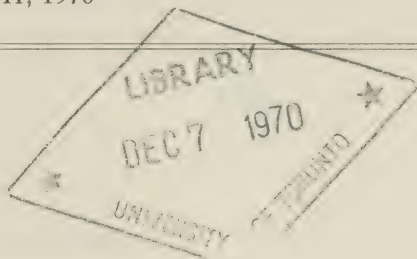
3rd Reading

MR. LAWRENCE (Carleton East)

*(Reprinted as amended by the
Legal and Municipal Committee)*

BILL 230

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

**An Act to amend The Insurance Act**

MR. LAWRENCE (Carleton East)

TORONTO

PRINTED AND PUBLISHED BY WILLIAM KINMOND, QUEEN'S PRINTER AND PUBLISHER

BILL 230

1970

An Act to amend The Insurance Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Section 1 of *The Insurance Act*, as amended by section 1 of *The Insurance Amendment Act, 1961-62*, section 1 of *The Insurance Amendment Act, 1964*, section 1 of *The Insurance Amendment Act, 1966* and section 1 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following paragraph:

R.S.O. 1960,
c. 190, s. 1,
amended

1b. "actuary" means a Fellow of the Canadian Institute of Actuaries.

2. Subsection 2 of section 18 of *The Insurance Act* is amended by striking out "*The Corporations Act*" in the third line and inserting in lieu thereof "this Act", so that the subsection shall read as follows:

R.S.O. 1960,
c. 190, s. 18,
subs. 2,
amended

(2) In his annual report the Superintendent shall allow as assets only such of the investments of the several insurers as are authorized by this Act, or by their Acts or instruments of incorporation, or by the general Acts applicable to such investments.

Permissible
investments

3. *The Insurance Act* is amended by adding thereto the following section:

R.S.O. 1960,
c. 190,
amended

18a. The Superintendent may publish from time to time notices, reports, correspondence, results of hearings, decisions and any other matter considered by the Superintendent to be in the public interest.

Publication
by
Superintendent

4.—(1) Subsection 1 of section 29 of *The Insurance Act*, as re-enacted by section 4 of *The Insurance Amendment Act, 1966*, is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 29,
subs. 1
(1966, c. 71,
s. 4),
re-enacted

Capital
requirements
for licence

- (1) A licence shall not be granted to a joint stock insurance company unless the company furnishes to the Superintendent satisfactory evidence that,

- (a) if the company is applying for a licence to transact the business of life insurance, the company has paid up capital and surplus of not less than \$2,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$1,000,000 is paid up capital and at least \$500,000 is unimpaired surplus; and
- (b) if the company is applying for a licence to transact any class or classes of business other than life insurance, the company has paid up capital and surplus of not less than \$1,000,000, or such greater amount as the Minister in the circumstances may require, of which at least \$500,000 is paid up capital and at least \$250,000 is unimpaired surplus.

Application
of subs. 1

- (2) Subsection 1 does not apply to a joint stock company licensed before the 1st day of January, 1971.

R.S.O. 1960,
c. 190, s. 32,
subs. 3,
re-enacted

5. Subsection 3 of section 32 of *The Insurance Act* is repealed and the following substituted therefor:

Conditions
precedent to
issue of
licence
R.S.O. 1960,
c. 71

- (3) The Minister shall not issue the licence until he is satisfied that all the requirements of this Act and of *The Corporations Act* as to the subscriptions for shares in the capital of the insurer, the payment of money by shareholders on account of their subscriptions, the election of directors and other preliminaries have been complied with, and unless he is satisfied that the expenses of incorporation and organization, including any commission payable in connection with subscriptions for shares in the capital of the insurer, are reasonable.

R.S.O. 1960,
c. 190, s. 34,
subs. 2,
re-enacted

6. Subsection 2 of section 34 of *The Insurance Act* is repealed and the following substituted therefor:

Term of
licence

- (2) The licence expires on the 30th day of June in each year, subject to renewal by the Superintendent on or before that date.

Conditions
of licence

- (3) Any licence may be issued or renewed subject to such limitations or conditions as the Minister considers appropriate.

- (4) Notwithstanding subsections 2 and 3, the Minister ^{Variation of licence} may at any time and in respect of any licence of an insurer,

- (a) reduce the term for which the licence was issued or renewed;
- (b) impose any conditions or limitations relating to the carrying on of the insurer's business that he considers appropriate; or
- (c) vary, amend or revoke any condition or limitation to which the licence is then subject,

but the Minister may not exercise any power granted under this subsection until he has given the insurer notice of his intention to exercise such power and has afforded the insurer a reasonable opportunity to be heard with respect thereto.

7. *The Insurance Act* is amended by adding thereto the ^{R.S.O. 1960, c. 190, amended} following sections:

37a.—(1) Where it comes to the attention of the ^{Assets not accounted for} Superintendent that an insurer incorporated or organized under the laws of Ontario may not be able to account satisfactorily for any assets that appear on its books and, upon investigation, the Superintendent is satisfied that any such assets cannot be satisfactorily accounted for and that the circumstances so warrant, he may immediately take possession and control of the assets of such insurer and maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister may order for the purpose of his report under subsection 1 of section 37b.

- (2) The Superintendent may ^{Release of assets} release any assets under his possession and control that he considers advisable for the purposes of the insurer.

37b.—(1) Where the Superintendent is of the opinion ^{Report to Minister} that the assets of an insurer incorporated or organized under the laws of Ontario are not sufficient to justify its continuance in business or to provide for its obligations under its policies he shall so report to the Minister.

Remedial
powers
of the
Minister

- (2) Where the Minister, after full consideration of the matter and after a reasonable time has been given to the insurer to be heard by him, and upon such further inquiry or investigation as he sees fit to make, agrees with the opinion of the Superintendent under subsection 1, the Minister may do one or both of the following,

(a) make the insurer's licence subject to such limitations or conditions as he considers appropriate;

(b) prescribe a time within which the insurer shall make good any deficiency of assets.

Subsequent
action

- (3) If the insurer fails to make good any deficiency of assets within the time that has been prescribed under clause *b* of subsection 2, or any extension thereof subsequently given by the Minister, the Minister shall submit the report of the Superintendent to the Lieutenant Governor in Council and the Lieutenant Governor in Council, if he agrees with the report, may order the Superintendent to take possession and control of the assets of the insurer and the Superintendent shall deliver a copy of the order to an officer of the insurer.

Appointment
of
appraisers

- (4) For the purposes of this section, the Minister may appoint such persons as he considers necessary to value and appraise the assets and liabilities of the insurer and report upon its condition and its ability, or otherwise, to meet its liabilities.

Power of
Superinten-
dent
upon taking
control

- 37c.—(1) If so ordered by the Lieutenant Governor in Council under section 37*b*, the Superintendent shall take possession and control of the assets of the insurer and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation, and for such purposes the Superintendent has all the powers of the board of directors of the insurer, and, without limiting the generality of the foregoing, the Superintendent may,

(a) exclude the directors, officers, servants and agents of the insurer from the premises, property and business of the insurer; and

(b) carry on, manage and conduct the operations of the insurer and in the name of the insurer

preserve, maintain, realize, dispose of and add to the property of the insurer, receive the incomes and revenues of the insurer and exercise all the powers of the insurer.

- (2) While the Superintendent has possession and control of the assets of an insurer under this section, the Minister may direct the Superintendent to apply to the court for an order for the winding up of the insurer under Part VII of *The Corporations Act*. Application to court
R.S.O. 1960,
c. 71
- (3) Where the Superintendent is in possession and control of the assets of an insurer and is conducting its business, he may appoint one or more persons to manage and operate the business of the insurer and, Appointment of managers
 - (a) each person so appointed is a representative of the Superintendent; and
 - (b) the remuneration of any such person, other than an employee of the office of the Superintendent, shall be fixed by the Minister.
- (4) Whenever the Minister believes that an insurer, the assets of which are in the possession and control of the Superintendent, meets all the requirements of this Act and that it is otherwise proper for the insurer to resume possession and control of its assets and the conduct of its business, the Minister may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Relinquishing control
- (5) If the Minister, on the report of the Superintendent, considers that further efforts to rehabilitate an insurer, the assets of which are in the possession and control of the Superintendent, would be futile, he may, in writing, direct the Superintendent to relinquish to the insurer the possession and control of its assets, and from and after the date specified in such direction the powers of the Superintendent under this section cease. Where rehabilitation efforts futile
- (6) The expenses of the Superintendent incurred in rehabilitation proceedings under this section and sections 37a and 37b shall be paid by all insurers licensed under this Act to carry on business of the same class or classes as the insurer who is the subject Expenses of proceedings

of the proceedings, and the share of each shall be the proportion of the expenses that the net premium income received from the insurer's policyholders in Ontario in its last preceding fiscal year bears to the total net premium income received from the policyholders in Ontario by all insurers of that class in their respective last preceding fiscal years.

Advisory
committee

- (7) The insurers required to bear the said expenses of the Superintendent may appoint a committee of not more than six members to advise the Superintendent in respect of all matters pertinent to the rehabilitation of the insurer whose assets are in the possession and control of the Superintendent.

Appeal

- 37d.—(1) Notwithstanding section 37c, an insurer may appeal to a judge of the Court of Appeal from any order made by the Lieutenant Governor in Council under section 37b within thirty days after the delivery of a copy of the order to an officer of the insurer, and the practice and procedure in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.

Stay

- (2) An order of the Lieutenant Governor in Council under section 37b shall take effect immediately, but where there is an appeal, a judge of the Court of Appeal may grant a stay until any appeal is disposed of.

Material
on appeal

- (3) The Minister shall certify to the Registrar of the Supreme Court,
- (a) the decision of the Lieutenant Governor in Council;
 - (b) the reports of the Superintendent to the Minister or the Lieutenant Governor in Council;
 - (c) the record of any hearing; and
 - (d) all written submissions by the appellant to the Superintendent, the Minister or the Lieutenant Governor in Council.

Representa-
tion

- (4) The Minister is entitled to be heard, by counsel or otherwise, upon the argument of an appeal under this section.

(5) Where an appeal is taken under this section, the judge may by order direct the Superintendent to take such action as the judge considers proper or refrain from taking any action specified in the order and the Superintendent shall act accordingly.

Order

(6) The order of the judge is final and there is no appeal therefrom, but, notwithstanding the order, the Minister and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section.

Further
decision

8. *The Insurance Act* is amended by adding thereto the following section:

R.S.O. 1960,
c. 190,
amended

74. No transfers of shares of an insurer shall be entered in the book or books maintained for that purpose until thirty days after notice thereof has been deposited with the Superintendent if,

Report on
share
transfers

(a) the transfer relates to 10 per cent or more of the issued shares of the insurer for the time being enjoying voting rights; or

(b) the directors have reason to believe that the transfer would result in a majority of the issued shares of the insurer for the time being enjoying voting rights being beneficially owned by any one person.

9. Section 80a as enacted by section 3 of *The Insurance Amendment Act, 1961-62* and section 80b as enacted by section 5 of *The Insurance Amendment Act, 1962-63*, of the *Insurance Act* are repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 80a
(1961-62, c.
63, s. 3),
s. 80b. (1962-
63, c. 64,
s. 5),
re-enacted

80a.—(1) Any insurer incorporated and licensed under the laws of Ontario to transact the business of life insurance may,

Authoriza-
tion for
variable
contracts
based on
segregated
funds

(a) issue policies for which the reserves vary in amount with the market value of a specified group of assets; and

(b) retain for investment,

(i) policy dividends,

(ii) policy proceeds that become payable on surrender or maturity of the policy not less than five years from the date of its issue if the policyholder so directs, and

(iii) policy proceeds that become payable on the death of the policyholder if the policyholder or beneficiary so directs,

on the basis that the liability of the insurer in respect thereof varies in amount with the market value of a specified group of assets,

and the insurer shall maintain in respect of such policies, dividends and proceeds, as the case may be, one or more separate and distinct funds with separate assets for each such fund.

How fund
created

(2) For the purpose of creating a separate and distinct fund under subsection 1, an insurer may, if duly authorized by by-law,

(a) make a transfer from the shareholders' fund but the amount so transferred shall not exceed the surplus in the shareholders' fund; and

(b) make a transfer of assets from one or more life insurance funds, but,

(i) the maximum amount that may be transferred from any life insurance fund is the amount by which 25 per cent of the surplus in that fund exceeds the aggregate of all prior transfers from that fund to all such separate and distinct funds under this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to that fund pursuant to clause *a* of subsection 5; and

(ii) the maximum amount that may be transferred from all life insurance funds is the amount by which 10 per cent of the surplus in those funds or \$2,000,000, whichever is the lesser, exceeds the aggregate of all prior transfers from those funds to all such separate and distinct funds pursuant

to this subsection and clause *b* of subsection 3 less the aggregate of all prior transfers to all life insurance funds pursuant to clause *a* of subsection 5.

- (3) For the purpose of maintaining a separate and distinct fund under subsection 1, an insurer may from time to time make transfers from a life insurance fund, ^{Transfers to fund}
 - (a) to the extent that the assets of the separate and distinct fund are not sufficient to provide for any benefits guaranteed under the terms of the policies for which the separate fund is held; or
 - (b) in any case other than that mentioned in clause *a*, if the insurer provides evidence satisfactory to the Superintendent that such transfers are necessary for the proper administration of the policies or deposits for which the separate fund is held.
- (4) Where for the purposes of subsection 2 the surplus in ^{Surplus} any fund is required to be determined, the surplus shall be taken as shown in the most recent annual statement filed with the Superintendent.
- (5) Where a separate and distinct fund is maintained ^{Segregation of assets for policies} under subsection 1, the assets of such fund shall, subject to subsection 3, be available only to meet the liabilities arising under the policies or deposits in respect of which such fund is maintained, except that,
 - (a) any amount representing the value of a transfer, or any part thereof, to such separate and distinct fund under subsection 2 or clause *b* of subsection 3, may, with the approval of the Superintendent, be transferred back to the fund or funds from which such transfer was made, and, where there is more than one such fund, the amount transferred back to each shall be that proportion of the whole amount that the amount transferred from that fund to the separate and distinct fund was to the total amount so transferred from all the funds; and
 - (b) any assets, other than assets in respect of a transfer to the separate and distinct fund

under subsection 2 or clause *b* of subsection 3, remaining in the separate and distinct fund after the discharge of all the insurer's liabilities in respect of the policies or deposits for which the fund is maintained, may be transferred to such other fund as the directors may determine.

Value of
transfers

- (6) For the purposes of clause *b* of subsection 2, the value of any assets transferred to or from a separate and distinct fund shall be taken as the value thereof at the time of transfer to that fund and, for all other purposes, the value from time to time of any assets that have been transferred to a separate and distinct fund maintained under subsection 1 shall be the market value of such assets.

Exception
from
investment
limitations

- (7) Where a separate and distinct fund is maintained under subsection 1, the percentage limits specified in clauses *e* and *f* of section 357 do not apply to the investments and loans constituting the assets of the fund and in the application of those limits to the insurer as a whole the assets of any such separate fund shall not be taken into account.

Definition
of variable
insurance
contracts

- 80*b*.—(1) In this section, “variable insurance contract” means an annuity or life insurance contract for which the reserves or a part thereof vary in amount with the market value of a specified group of assets held in a separate and distinct fund and includes a life insurance contract under which policy dividends or policy proceeds may be retained for investment in such a fund.

Prohibition

- (2) No insurer shall issue a variable insurance contract or offer to enter into a variable insurance contract that under this Act would be deemed to be made in Ontario until there has been filed with the Superintendent a specimen form of such variable insurance contract, an information folder pertaining thereto and such other material as may be required under the regulations and a receipt therefor has been obtained from the Superintendent.

Form of
contract

- (3) The forms of variable insurance contracts and information folders with respect thereto shall comply with the requirements of Part V of this Act and the regulations.

- (4) The information folder shall provide brief and plain disclosure of all material facts relating to the variable insurance contract and shall contain a certificate to that effect signed by the chief executive officer and the chief financial officer of the insurer or such other persons as the regulations may prescribe. ^{Form of information folder}
- (5) No application for a variable insurance contract shall be accepted by an insurer until the insurer has delivered to the applicant therefor a copy of the latest information folder relating thereto that is on file with the Superintendent. ^{Delivery of information folder}
- (6) So long as an insurer continues to issue a variable insurance contract in respect of which it has filed an information folder, it shall, ^{New information folders}
- (a) forthwith after the occurrence of any material change in the contract or in any other facts set out in the latest information folder so filed; and
 - (b) within thirteen months after the date of filing of the latest information folder so filed, or such other period of time as may be provided by the regulations,

file with the Superintendent a new information folder in respect thereof.

- (7) Where it appears to the Superintendent that, ^{Prohibition order}
- (a) an information folder or any other document filed with the Superintendent by an insurer with respect to a variable insurance contract,
 - (i) fails to comply in any substantial respect with the requirements of this Act or the regulations,
 - (ii) contains any promise, estimate, illustration or forecast that is misleading, false or deceptive, or
 - (iii) conceals or omits to state any material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made; or

- (b) the financial condition of the insurer or its method of operation in connection with the issuance of its variable insurance contracts will not afford sufficient protection to prospective purchasers of such variable insurance contracts in Ontario,

the Superintendent shall report the same to the Minister and the Minister, if he concurs in the report and after affording the insurer an opportunity to be heard, may order the Superintendent to prohibit the insurer from continuing to issue such variable insurance contracts in Ontario.

Regulations

- (8) The Lieutenant Governor in Council may make regulations,

- (a) prescribing the form and content of variable insurance contracts;
- (b) prescribing the form, content and time of filing and delivery of information folders;
- (c) for the furnishing of information by an insurer or an agent thereof to prospective purchasers of variable insurance contracts;
- (d) prescribing the documents, reports, statements, agreements and other information required to be filed, furnished, or delivered under this section, and the form and content thereof.

Separate accounts

- 80c. Every insurer licensed to transact life insurance shall keep separate and distinct accounts of participating and non-participating business.

R.S.O. 1960,
c. 190,
amended

- 10.** *The Insurance Act* is amended by adding thereto the following section:

Reporting on
applications
to register
under
R.S.C. 1952,
c. 31

- 86a. An insurer incorporated under the laws of Ontario shall notify the Superintendent fourteen days in advance of making application for registration under Part IX of the *Canadian and British Insurance Companies Act* (Canada) or any similar enactment or regulation of the Government of Canada.

R.S.O. 1960,
c. 190, s. 88,
subs. 3, cl. c,
re-enacted

- 11.** Clause *c* of subsection 3 of section 88 of *The Insurance Act* is repealed and the following substituted therefor:

- (c) governing group insurance contracts or schemes, or any class thereof including prescribing and regulating their terms and conditions, qualifications for

membership in groups and regulating the marketing of group insurance contracts or schemes.

- (ca) prescribing and defining the terms and conditions upon which an insurer licensed to transact the business of life insurance may invest its funds in fully paid shares of other corporations under the provisions of this Act.

12. Subsection 2 of section 98 of *The Insurance Act* is repealed and the following substituted therefor:

R.S.O. 1960,
c. 190, s. 98,
subs. 2,
re-enacted

- (2) An insurer who neglects or refuses to comply with subsection 1 is guilty of an offence, and, in addition, section 99 is not available to the insurer as a defence to an action brought, after such neglect or refusal, for the recovery of moneys alleged to be payable under the contract of insurance.

Offence

13.—(1) Subcondition 1 of statutory condition 2 of section 204 of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966*, is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

(2) Subcondition 2 of statutory condition 2 of the said section 204 is amended by adding thereto the following clause:

R.S.O. 1960,
c. 190, s. 204
(1966, c. 71,
s. 11),
stat. cond. 2,
subcond. 1,
amended

- (ba) by any person who is a member of the household of the insured while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or

.

14. Part VI of *The Insurance Act*, as re-enacted by section 11 of *The Insurance Amendment Act, 1966* and amended by sections 2, 3, 4, 5 and 6 of *The Insurance Amendment Act, 1967*, section 5 of *The Insurance Amendment Act, 1968* and sections 10, 11, 12, 13, 14 and 15 of *The Insurance Amendment Act, 1968-69*, is further amended by adding thereto the following sections:

R.S.O. 1960,
c. 190,
Pt. VI
(1966, c. 71,
s. 11),
amended

Liability
from
ownership

211a. Liability arising from contamination of property carried in an automobile shall not be deemed to be liability arising from the ownership, use or operation of such automobile.

Advance
payments
and release
by claimant

220a.—(1) Where an insurer makes a payment on behalf of an insured under a contract evidenced by a motor vehicle liability policy to a person who is or alleges himself to be entitled to recover from the insured covered by the policy, the payment constitutes, to the extent of the payment, a release by the person or his personal representative of any claim that the person or his personal representative or any person claiming through or under him or by virtue of *The Fatal Accidents Act* may have against the insured and the insurer.

R.S.O. 1960,
c. 138

Idem

(2) Nothing in this section precludes the insurer making the payment from demanding, as a condition precedent to such payment, a release from the person or his personal representative or any other person to the extent of such payment.

Payment
to be
taken into
account

(3) Where the person commences an action, the court shall adjudicate upon the matter first without reference to the payment but in giving judgment the payment shall be taken into account and the person shall only be entitled to judgment for the net amount, if any.

Intention

(4) The intention of this section is to permit payments to a claimant without prejudice to the defendant or his insurer, either as an admission of liability or otherwise, and the fact of any payment shall not be disclosed to the judge or jury until after judgment but before formal entry thereof.

R.S.O. 1960,
c. 190,
s. 261, cl. a,
repealed

15. Clause *a* of section 261 of *The Insurance Act* is repealed.

R.S.O. 1960,
c. 190,
s. 342,
re-enacted

16. Section 342 of *The Insurance Act* is repealed and the following substituted therefor:

Interpre-
tation

342. In this Part, "reinsurance" means an agreement whereby contracts made in Ontario by a licensed insurer incorporated or organized under the laws of Ontario or any class or group of such contracts are undertaken or reinsured by another insurer either by novation, transfer, assignment or as a result of amalgamation of the insurers.

17. *The Insurance Act* is amended by adding thereto the following Parts: R.S.O. 1960,
c. 190,
amended

PART XVII

INVESTMENTS

354. In this Part, "insurer" means an insurer incorporated or organized under the laws of Ontario and in section 355 includes only a joint stock insurance company, a fraternal society, a mutual insurance corporation and a cash-mutual insurance corporation. Inter-
pre-
ta-
tion
- 355.—(1) An insurer may invest its funds or any portion thereof in, Investment
powers
- (a) the bonds, debentures, stocks or other evidences of indebtedness issued or guaranteed by the government of, Government
bonds
 - (i) Canada, Australia, Ceylon, India, New Zealand, Pakistan, the Republic of South Africa, the United Kingdom, or any province or state thereof, or Rhodesia or the Republic of Ireland,
 - (ii) a colony of the United Kingdom,
 - (iii) the United States of America or a state thereof,
 - (iv) a country in which the insurer is carrying on business, or a province or state thereof, or
 - (v) a colony, dependency, territory or possession of any country in which the insurer is carrying on business;
 - (b) the bonds, debentures or other evidences of indebtedness issued or guaranteed by a municipal corporation in Canada or elsewhere where the insurer is carrying on business, or by a school corporation in Canada or elsewhere where the insurer is carrying on business, or secured by rates or taxes levied under the authority of the government of a province of Canada on property situate in such province and collectable by the municipalities in which such property is situate; municipal
etc.,
securities
 - (c) the bonds, debentures or other securities issued or guaranteed by the International Bank for Reconstruction and Development; bonds issued
or
guaranteed
by the
International
Bank, etc.

bonds issued
or
guaranteed
by the
Inter-
American
Development
Bank

(d) the bonds, debentures or other securities issued or guaranteed by the Inter-American Development Bank or by the Asian Development Bank;

federal
subsidy
bonds

(e) the bonds or debentures issued by a corporation that are secured by the assignment to a trust company in Canada of an annual payment that the Government of Canada has agreed to make, if such annual payment is sufficient to meet the interest falling due on the bonds or debentures outstanding and the principal amount of the bonds or debentures maturing for payment in the year in which the annual payment is made;

bonds
secured by
provincial
subsidy

(f) the bonds or debentures issued by a charitable, educational or philanthropic corporation that are secured by the payment, assignment or transfer to a trust company in Canada of subsidies, payable by or under the authority of a province of Canada, sufficient to meet the interest as it falls due on the bonds or debentures and the principal amount of the bonds or debentures on maturity;

debentures
secured by
statutory
charge on
real estate,
plant or
equipment

(g) the bonds, debentures or other evidences of indebtedness issued by a corporation that are fully secured by statutory charge upon real estate or upon the plant or equipment of the corporation used in the transaction of its business, if interest in full has been paid regularly for a period of at least ten years immediately preceding the date of investment in such bonds, debentures or other evidences of indebtedness upon the securities of that class of the corporation then outstanding;

revenue
bonds

(h) the bonds, debentures or other evidences of indebtedness issued by an authority or other body without share capital established and empowered pursuant to the law of a country in which the insurer is carrying on business, or of a province or state thereof, or of a colony, dependency, territory or possession thereof in which the insurer is carrying on business, to administer, regulate the administration of, provide or operate port, harbour, airport, bridge, highway, tunnel, transportation, communication, sanitation, water, electricity or gas services or facilities and, for any of these

purposes, to levy, impose or make taxes, rates, fees or other charges that,

- (i) may be used only in carrying out the objects of the authority or other body and are sufficient to meet its operating, maintenance and debt service charges, or
 - (ii) in the case of an authority constituted by an Act of a national government, are fixed or authorized by law or subject to the approval of the government or a minister or ministry thereof or of a body responsible to the government or the minister or ministry;
- (z) the bonds, debentures or other evidences of indebtedness issued by a corporation that are ^{bonds, etc., secured by mortgage} fully secured by a mortgage, charge or hypothec to a trustee or to the insurer upon any, or upon any combination, of the following assets,
- (i) real estate or leaseholds,
 - (ii) the plant or equipment of a corporation that is used in the transaction of its business, or
 - (iii) bonds, debentures or other evidences of indebtedness or shares, of a class authorized by this subsection as investments, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee,
- and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized by this Act as investments shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;
- (j) obligations or certificates issued by a trustee ^{equipment trust certificates} to finance the purchase of transportation equipment for a corporation incorporated in Canada or the United States of America to be used on railways or public highways, if the obligations or certificates are fully secured by,
- (i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

debentures

- (ii) a lease or conditional sale thereof by the trustee to the corporation;
- (k) the bonds, debentures or other evidences of indebtedness issued or guaranteed by,

- (i) a corporation if, at the date of investment, the preferred shares or the common shares of the corporation are authorized as investments by clause *m* or *n*, or

- (ii) a corporation if its earnings in a period of five years ended less than one year before the date of investment have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least one and one-half times the annual interest requirements at the date of investment on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of investment owns directly or indirectly more than 50 per cent of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" means earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability;

guaranteed
investment
certificates

- (l) guaranteed investment certificates issued by a trust company incorporated in Canada if, at the date of investment, the preferred shares or the common shares of the trust company are authorized as investments by clause *m* or *n*;

preferred
shares

- (m) the preferred shares of a corporation if,
 - (i) the corporation has paid a dividend in each of the five years immediately

preceding the date of investment at least equal to the specified annual rate upon all of its preferred shares, or

- (ii) the common shares of the corporation are, at the date of investment, authorized as investments by clause *n*;
- (*n*) the fully paid common shares of a corporation ^{common shares} that during a period of five years that ended less than one year before the date of investment has either,

- (i) paid a dividend in each such year upon its common shares, or

- (ii) had earnings in each such year available for the payment of a dividend upon its common shares,

of at least 4 per cent of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends, as the case may be;

- (*o*) ground rents, mortgages, charges or hypothecs ^{real estate mortgages} on real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, but the amount paid for the mortgage, charge or hypothec together with the amount of indebtedness under any mortgage, charge or hypothec on the real estate or leasehold ranking equally with or prior to the mortgage, charge or hypothec in which the investment is made shall not exceed three-quarters of the value of the real estate or leasehold covered thereby;

- (*p*) mortgages, charges or hypothecs on real estate ^{guaranteed or insured real estate mortgages} or leaseholds in Canada or in any country in which the insurer is carrying on business or bonds or notes secured by such mortgages, charges or hypothecs, notwithstanding that the mortgage, charge or hypothec exceeds the amount that the insurer is otherwise authorized to invest, if the excess is guaranteed or insured by, or through an agency of, the

R.S.C. 1952,
cc. 31, 125

real estate
for the
production
of income

government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada);

(g) real estate or leaseholds for the production of income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,

(i) a lease of the real estate or leasehold is made to, or guaranteed by,

(A) the government, or an agency of the government, of the country in which the real estate or leasehold is situated or of a province, state or municipality of that country, or

(B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by clause *m* or *n*,

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least 85 per cent of the amount invested in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the insurer may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

(r) real estate or leaseholds for the production of ^{other real estate for the production of income} income in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada or with any loan corporation or trust company incorporated in Canada, if,

(i) the real estate or leasehold has produced, in each of the three years immediately preceding the date of investment, net revenue in an amount that, if continued in future years, would be sufficient to yield a reasonable interest return on the amount invested in the real estate or leasehold and to repay at least 85 per cent of that amount within the remaining economic lifetime of the improvements to the real estate or leasehold but not exceeding forty years from the date of investment, and

(ii) the total investment of an insurer in any one parcel of real estate or in any one leasehold does not exceed 2 per cent of the book value of the total assets of the insurer,

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold.

(2) An insurer may lend its funds or any portion ^{Lending funds} thereof on the security of,

(a) any bonds, debentures or other evidences of ^{authorized securities} indebtedness, shares or other securities in which the insurer may invest its funds under subsection 1 but the amount of the loan, together with the amount invested therein, if any, shall not exceed in the aggregate the amount that might be invested therein under this Part;

(b) real estate or leaseholds for a term of years or ^{real estate mortgages} other estate or interest in real estate in Canada or in any country in which the insurer is carrying on business but the amount of the loan together with the amount of indebtedness

under any mortgage, charge or hypothec on the real estate or interest therein ranking equally with or prior to the loan shall not exceed 75 per cent of the value of the real estate or interest therein, except that an insurer may accept as part payment for real estate sold by it a mortgage, charge or hypothec for more than 75 per cent of the sale price of the real estate; or

guaranteed
or insured
real estate
mortgages

- (c) real estate or leaseholds in Canada or in any country in which the insurer is carrying on business, notwithstanding that the loan exceeds the amount that the insurer is otherwise authorized to lend, if, to the extent of the excess, the mortgage, charge or hypothec thereon securing the loan is guaranteed or insured by, or through an agency of, the government of the country in which the real estate or leasehold is situated or of a province or state of that country or is insured by a policy of mortgage insurance issued by an insurance company licensed under this Act, the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada).

R.S.C. 1952,
cc. 31, 125

Securities
received on
reorganiza-
tion,
liquidation
or
amalgama-
tion

- (3) Where an insurer owns securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, such securities are to be exchanged for bonds, debentures or other evidences of indebtedness or shares not authorized as investments by the foregoing provisions of this section, the insurer may accept such bonds, debentures or other evidences of indebtedness or shares and they shall be allowed as assets of the insurer in the annual report prepared by the Superintendent for the Minister, only for a period of five years after their acceptance, or such further period as the Lieutenant Governor in Council determines, unless it is shown to the satisfaction of the Lieutenant Governor in Council that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they become eligible as investments under subsection 1.

- (4) an insurer who is a joint stock insurance company or a cash-mutual insurance corporation may make investments or loans not hereinbefore authorized by this section subject to the following provisions,
- (a) investments in real estate or leaseholds under this subsection shall be made only for the production of income, and may be made by the insurer in Canada or in any country in which the insurer is carrying on business, either alone or jointly with any other insurance company transacting the business of insurance in Canada, and the insurer may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of an insurer under this subsection in any one parcel of real estate or in any one leasehold shall not exceed 1 per cent of the book value of the total assets of the insurer; Other assets
real estate for the production of income
 - (b) this subsection shall be deemed not to enlarge the authority conferred by subsections 1 and 2 to invest in mortgages, charges or hypothecs and to lend on the security of real estate or leaseholds; and exemption
 - (c) the total book value of the investments and loans made under this subsection and held by the insurer excluding those that are or at any time since acquisition have been authorized as investments apart from this subsection, shall not exceed 7 per cent of the book value of the total assets of the insurer. limitation
- (5) An insurer licensed to transact the business of life insurance may invest or lend its life insurance funds or any portion thereof in the purchase of, or on the security of, policies of life insurance issued by the insurer or by any other insurance company licensed to transact the business of life insurance in Canada. Life insurance policies
- (6) Notwithstanding anything in this Act or in any other Act, an insurer may, National Housing Acts
- (a) lend its funds or any portion thereof on the security of real estate pursuant to the *National Housing Act, 1954* (Canada) or any amendments thereto, or may make loans on the security of real estate or leaseholds or other 1953-54, c. 23 (Can)

estate or interest therein in excess of 75 per cent of the value of the real estate or interest therein that forms the security for such loan or in excess of the amount that may be loaned in accordance with that Act or any amendments thereto, where the amount of the excess is guaranteed by the Lieutenant Governor in Council or by a municipality under *The Housing Development Act*;

R.S.O. 1960,
c. 182

(b) if it is licensed to transact the business of life insurance, cause to be formed, or may join with one or more insurance companies licensed to transact the business of life insurance in forming one or more institutional holding companies and one or more institutional housing corporations as defined in the *National Housing Act* (Canada), and may invest its funds in shares or debentures of such holding companies and in shares of such housing corporations to an aggregate amount that, when added to the aggregate amount invested by such insurer under clause c, does not exceed 5 per cent of its total assets in Canada allowed by the Superintendent; and

(c) if it is licensed to transact the business of life insurance, invest its funds to an aggregate amount not exceeding 5 per cent of its total assets in Canada allowed by the Superintendent in any other classes or types of investment pursuant to the *National Housing Act, 1954* (Canada) or any amendments thereto, including the purchase of land, the improvement thereof, construction of buildings thereon, and the management and disposal of such land and buildings.

1953-54,
c. 23 (Can)

Guaranteed
loans under
1964-65,
c. 24 (Can)
R.S.C. 1952,
c. 110,
1955, c. 46
(Can),
1960-61,
c. 5 (Can)

(7) An insurer may make guaranteed loans under and in accordance with the provisions of the *Canada Student Loans Act* (Canada), the *Farm Improvement Loans Act* (Canada), the *Fisheries Improvement Loans Act* (Canada) or the *Small Businesses Loans Act* (Canada).

Power to
invest in
shares of
certain
corporations

(8) Notwithstanding anything in subsection 1, an insurer licensed under the laws of Ontario to transact the business of life insurance may invest its funds in the fully paid shares of,

- (a) any corporation incorporated outside Canada to undertake contracts of life insurance;
- (b) any corporation incorporated to provide the insurer or a corporation mentioned in clause *a* with advisory, management or sales distribution services in respect of life insurance contracts or annuities the reserves for which vary in amount depending on the market value of a specified group of assets maintained in a separate and distinct fund;
- (c) any corporation incorporated under the laws of Canada or any province thereof to undertake contracts of insurance other than contracts of life insurance;
- (d) any corporation incorporated to acquire, hold, maintain, improve, lease or manage real estate or leaseholds;
- (e) any corporation incorporated to offer public participation in an investment portfolio;
- (f) any corporation incorporated to provide a corporation mentioned in clause *e* with advisory, management or sales distribution services; or
- (g) with the prior approval of the Minister, any corporation incorporated to carry on any other business reasonably ancillary to the business of insurance,

subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

- (9) An insurer may take any additional securities of any nature to further secure repayment to it of any loan or investment or to further secure the sufficiency of any of the securities in or upon which it is by this section authorized to invest or lend any of its funds. Additional security may be taken
- (10) Where the constitution, by-laws or rules of an insurer prescribe the securities in which its funds may be invested, nothing in this section enlarges the power of investment. By-laws to prevail
- (11) The Superintendent may direct an insurer to dispose of and realize any of its investments acquired after Disposal of unauthorized investments

the 1st day of May, 1928, and not authorized by this Part, and such insurer shall within sixty days after receiving such direction absolutely dispose of and realize such investments, and, if the amount realized therefrom falls below the amount paid by such insurer for such investments, the directors of the insurer are jointly and severally liable for the payment to such insurer of the amount of the deficiency, but if any director present at the meeting at which such investment is authorized, forthwith, or if any director then absent, within twenty-four hours after he becomes aware of such investment and is able to do so, delivers or sends to the insurer by registered mail his protest against such investment, and, within eight days thereafter, sends a copy thereof by registered mail to the Superintendent, such director thereby and not otherwise exonerates himself from such liability.

Investments
of other
insurers

356. An insurer who is not a joint stock insurance company, a fraternal society, a mutual insurance corporation or a cash-mutual insurance corporation may invest its funds in securities described in clauses *a* to *l* and clauses *o* and *p* of subsection 1 of section 355 and may lend its funds on the security of any such securities.

Restrictions
and
limitations

357. The following restrictions, limitations and prohibitions apply to insurers in the exercise of the investment powers under sections 355 and 356,

(a) an insurer not licensed to transact the business of life insurance shall not invest in or lend its funds upon the security of its own shares or the shares of any corporation transacting the business of insurance;

(b) an insurer licensed to transact the business of life insurance shall not,

(i) invest in the shares of a corporation incorporated in Canada to undertake contracts of life insurance,

(ii) lend its funds upon the security of its own shares, or

(iii) except as provided in section 224*a* of *The Corporations Act*, invest in or purchase its own shares;

R.S.O. 1960,
c. 71

- (c) except as to securities issued or guaranteed by the Government of Canada or the government of a province of Canada or a municipal corporation in Canada, an insurer shall not invest in any one security or make a total investment in any one corporation, either by the purchase of shares or other securities of such corporation or by lending to it on the security of its debentures or other assets or any part thereof, of more than 10 per cent of the book value of the total assets of the insurer;
- (d) except as to investments made under subsection 8 of section 355 and as to securities guaranteed by the Government of Canada or the government of a province of Canada or by a municipal corporation in Canada, an insurer shall not make any investment the effect of which will be that it will hold more than 30 per cent of the common shares or 30 per cent of the total issued shares of any one corporation;
- (e) the total book value of the investments of an insurer in common shares, other than its own common shares purchased under section 224a of *The Corporations Act*, shall not exceed 25 per cent of the book value of the total assets of the insurer; R.S.O. 1960,
c. 71
- (f) the total book value of the investments of an insurer in real estate or leaseholds for the production of income under clauses *g* and *r* of subsection 1 of section 355 and subsection 4 of section 355 shall not exceed 10 per cent of the book value of the total assets of the insurer;
- (g) an insurer shall not invest any of its funds in bonds, debentures or other evidences of indebtedness on which the payment of principal or interest is in default; and
- (h) an insurer shall not act as an underwriter in connection with the purchase or sale of any securities or other property of any kind.

358.—(1) An insurer shall not knowingly make an investment, other than a loan on the security of a policy of life insurance issued by it, Prohibited
loans and
investments

(a) by way of a loan to,

(i) a director or officer of the insurer, or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under twenty-one years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the insurer;

(b) in a corporation that is a substantial shareholder of the insurer; or

(c) in a corporation in which,

(i) an individual mentioned in subclause i of clause *a*,

(ii) an individual who is a substantial shareholder of the insurer,

(iii) another corporation that is a substantial shareholder of the insurer, or

(iv) a group consisting exclusively of individuals mentioned in subclause i of clause *a*,

has a significant interest.

Disposition

(2) An insurer shall not knowingly retain an investment-mentioned in subsection 1.

Interpretation

(3) For the purpose of this section,

"significant interest"

(a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation if,

(i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or

(ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,

of the shares of the corporation for the time being outstanding;

- (b) a person is a substantial shareholder of a ^{“substantial shareholder”} corporation or a group of persons is a substantial shareholder of a corporation, if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all of the equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

- (c) “equity share” means a share of any class to ^{“equity share”} which are attached voting rights exercisable under all circumstances and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;

- (d) “investment” means, ^{“investment”}

- (i) an investment in a corporation by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or

- (ii) a loan to a person or persons,

but does not include any normal working balance between an insurer and any other corporation transacting the business of insurance or any advance or loan that is merely ancillary to the main business of the insurer; and

- (e) notwithstanding paragraph 44 of section 1, ^{“officer”} “officer” means only the president, a vice-president, the secretary, the treasurer, the manager, the controller and the actuary of an insurer and any other person designated as an officer of the insurer by by-law or by resolution of the directors thereof.

"Down-
stream"
investment

- (4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or is deemed by this subsection to own beneficially, shares of a corporation, that person or group of persons shall be deemed to own beneficially that proportion of the shares of any other corporation that is owned beneficially, directly or indirectly, by the first-mentioned corporation, that is equal to the proportion of the shares of the first-mentioned corporation that is owned beneficially, directly or indirectly, or is deemed by this subsection to be owned beneficially, by that person or group of persons.

Exception

- (5) Notwithstanding subsection 4, an insurer is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially equity shares of the insurer is, by reason of that subsection, deemed to own beneficially equity shares of such corporation.

Exemption

- (6) Where any person or group of persons is a substantial shareholder of an insurer and, as a consequence thereof and of the application of this section, certain investments are prohibited for the insurer, the Minister may, on the advice of the Superintendent, and on application by the insurer, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied,

(a) that the decision of the insurer to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the insurer; and

(b) that the investment is to be made under the power granted to the insurer under this part.

Idem

- (7) Any order of exemption made by the Minister under subsection 6 may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.

Invest-
ments in
corporate
name

- 359.—(1) All investments and deposits of the funds of an insurer shall be made in its corporate name.

- (2) Every insurer shall at all times retain in Canada and under its own control assets of a value at least equal to its total liabilities to its policyholders in Canada. Assets in Canada
- (3) Where the laws of any province, state or country in which any insurer transacts, or is about to transact, business, require that the deposits made or to be made by such insurer in such province, state or country shall be made in the name of or transferred or assigned to, any person or corporation other than the insurer, this section does not prohibit such insurer from making in the name of, or transferring or assigning to, such other person or corporation, the investments and deposits necessary to comply with the said laws. Deposits outside Canada
- (4) No director or officer of an insurer and no member of a committee having any authority in the investment or disposition of its funds shall accept or be the beneficiary of, either directly or indirectly, any fee, brokerage, commission, gift or other consideration for or on account of any loan, deposit, purchase, sale, payment or exchange made by or in behalf of such insurer, or be pecuniarily interested in any such purchase, sale or loan, either as borrower, principal, co-principal, agent or beneficiary, except that, if he is a policyholder, he is entitled to all the benefits accruing under the terms of his contract. Prohibition on directors or officers receiving fees or gifts
- (5) Except as in this section provided, all the securities of an insurer incorporated and licensed under the laws of Ontario shall be held at the head office of the insurer or elsewhere in Ontario and the holding of securities, wherever situated, is subject to such regulations respecting their safekeeping, including registration and the bonding of directors, officers and employees of the insurer, as the Lieutenant Governor in Council may prescribe. Securities to be held in Ontario

PART XVIII

UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN THE BUSINESS OF INSURANCE

360. For the purposes of this Part,

Interpre-
tation

- (a) "person" means a person engaged in the business of insurance and includes any individual, corporation, association, partnership, reciprocal or inter-insurance exchange, mem-

ber of the society known as Lloyds, fraternal society, mutual benefit society, agent, broker or adjuster;

- (b) "unfair or deceptive acts or practices in the business of insurance" includes,
- (i) the commission of any act prohibited under this Act, or the regulations;
 - (ii) any unfair discrimination between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged by it for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable thereon or in the terms and conditions thereof,
 - (iii) any unfair discrimination in any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification,
 - (iv) any illustration, circular, memorandum or statement that misrepresents, or by omission is so incomplete that it misrepresents, the terms, benefits or advantages of any policy or contract of insurance issued, or to be issued,
 - (v) any false or misleading statement as to the terms, benefits or advantages of any contract or policy of insurance issued or to be issued,
 - (vi) any incomplete comparison of any policy or contract of insurance with that of any other insurer for the purpose of inducing, or intending to induce, an insured to lapse, forfeit, or surrender a policy or contract,
 - (vii) any payment, allowance or gift, or any offer to pay, allow or give, directly or indirectly, any money or thing of value as an inducement to any prospective insured to insure,
 - (viii) any charge by a person for a premium allowance or fee other than as stipulated in a contract of insurance upon which a sales commission is payable to such person, or

- (ix) any consistent practice or conduct that results in unreasonable delay or resistance to the fair adjustment and settlement of claims.

361. No person shall engage in any unfair or deceptive act or practice in the business of insurance. Prohibition
362. The Superintendent may examine and investigate the affairs of every person engaged in the business of insurance in Ontario in order to determine whether such person has been, or is, engaged in any unfair or deceptive act or practice. Superintendent may investigate
- 363.—(1) Where it appears to the Superintendent that any person is engaging in any unfair or deceptive act or practice in the business of insurance, the Superintendent may order that such person cease engaging in his business or any part thereof named in the order, and an order under this subsection may be made subject to such terms and conditions as the Superintendent may specify in the order and the order may be revoked when the Superintendent is satisfied that the unfair and deceptive acts or practices are corrected and not likely to recur. Order of Superintendent
- (2) No order shall be made under subsection 1 without a hearing unless in the opinion of the Superintendent the length of time required for a hearing could be prejudicial to the public interest, in which event a temporary order may be made which shall expire fifteen days from the date of the making thereof or such longer time as is consented to by the person entitled to the hearing. Hearing
- (3) A notice of every order made under this Part shall be served upon every person named therein and upon such other persons as the Superintendent considers appropriate and thereupon no person shall engage in that part of the business of insurance that is the subject of the order. Service and effect of order
364. Any person who contravenes an order of the Superintendent made under this Part is, in addition to any other consequence or remedy provided by law, guilty of an offence punishable in the same manner as if the person were undertaking insurance or carrying on business in Ontario without holding a licence to do so. Penalty

18.—(1) Section 208, as amended by section 7 of *The Corporations Amendment Act, 1962-63*, section 5 of *The Corporations Amendment Act, 1964*, section 1 of *The Corporations* R.S.O. 1960, c. 71 ss. 208, 209, repealed

Amendment Act, 1965 and section 13 of *The Corporations Amendment Act, 1968*, and section 209 of *The Corporations Act* are repealed.

References
to repealed
provisions

(2) Any reference in any Act, regulation or document to section 208 or 209 of *The Corporations Act*, or otherwise to the investment provisions of *The Corporations Act* applying to insurers referred to in subsection 1 of section 208 or in section 209 thereof, shall be deemed to be a reference to the corresponding powers in Part XVII of *The Insurance Act*.

R.S.O. 1960,
c. 190

Commence-
ment

19. This Act comes into force on the day it receives Royal Assent.

Short title

20. This Act may be cited as *The Insurance Amendment Act, 1970*.

An Act to amend
The Insurance Act

1st Reading

November 5th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 10th, 1970

MR. LAWRENCE (Carleton East)

CA20N

XB

-B 56

BILL 231

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to amend The Municipal Act

MR. McKEOUGH

LIBRARY

NOV 18 1970

TORONTO

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EXPLANATORY NOTES

SECTION 1. Specific provision is made for the appointment by a council of a chief administrative officer and his general area of responsibility is set out.

SECTION 2. The subsection repealed required every constable to make a declaration in a prescribed form before entering on the duties of his office. *The Police Act* contains a similar provision and the subsection is therefor repealed as redundant.

SECTION 3. Complementary to section 1 of the Bill.

BILL 231

1970

An Act to amend The Municipal Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. *The Municipal Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 249,
amended

CHIEF ADMINISTRATIVE OFFICER

- 214a. The council may by by-law appoint a chief administrative officer, who, Chief
administra-
tive
officer

(a) shall have such general control and management of the administration of the government and affairs of the municipal corporation and perform such duties as the council by by-law prescribes; and

(b) shall be responsible for the efficient administration of all its departments to the extent that he is given authority and control over them by by-law.

2. Subsection 3 of section 236 of *The Municipal Act* is repealed. R.S.O. 1960,
c. 249,
s. 236,
subs. 3,
repealed

3. Subsection 2 of section 239 of *The Municipal Act*, as enacted by section 9 of *The Municipal Amendment Act, 1962-63* and amended by section 10 of *The Municipal Amendment Act, 1968-69*, is further amended by inserting after "No" in the first line "chief administrative officer", so that the subsection shall read as follows: R.S.O. 1960,
c. 249,
s. 239
(1962-63
c. 87, s. 9),
subs. 2,
amended

- (2) No chief administrative officer, clerk, treasurer or engineer shall be dismissed from office except after a hearing by the council or a committee of the whole council if requested by the officer concerned. Dismissal
of officers

R.S.O. 1960,
c. 249,
s. 240,
amended

4. Section 240 of *The Municipal Act*, as amended by section 34 of *The Municipal Amendment Act, 1961-62*, is further amended by adding thereto the following subsection:

Allowance
to surviving
spouse

(1a) Where a council grants an annual retirement allowance to an employee under subsection 1, the by-law may include provision for continuing the allowance to the surviving spouse, if any, during his or her life in an amount not exceeding one-half of the annual allowance payable to the employee.

R.S.O. 1960,
c. 249,
s. 302
(1960-61,
c. 59, s. 12),
re-enacted

5. Section 302 of *The Municipal Act*, as re-enacted by section 12 of *The Municipal Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Investment
of moneys
not immedi-
ately
required

302. Where a municipality has moneys not required immediately by the municipality, such moneys may be invested in bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or the Province of Ontario, in fixed-term deposits with any chartered bank or in fixed-term deposits with or guaranteed investment certificates or debentures of any trust company or loan corporation that is registered under *The Loan and Trust Corporations Act*, provided that the bonds, debentures or other evidences of indebtedness, fixed-term deposits or guaranteed investment certificates become due and payable before the moneys invested therein are required by the municipality, and all interest thereon shall be credited to the fund from which the moneys are invested.

R.S.O. 1960,
c. 222

6. Section 377 of *The Municipal Act* is amended by adding thereto the following paragraphs:

R.S.O. 1960,
c. 249,
s. 377,
amended

Aid in
respect of
common
disaster

42b. For granting money by way of contribution to a relief fund established in aid of persons who suffer loss, whether in Ontario or elsewhere, as a result of a common disaster.

Power to
acquire real
property for
purpose of
leasing to
doctor or
dentist

69a. Without limiting the generality of section 333, and in addition to the powers set out therein, for acquiring by purchase or lease real property for the purpose of leasing such property to a legally qualified medical or dental practitioner on such terms and conditions as the council may determine, and such property may be so leased either for residential, clinical or office purposes or a combination thereof.

SECTION 4. Self-explanatory.

SECTION 5. The classes of securities in which municipalities may invest moneys not immediately required are broadened.

SECTION 6. The paragraphs added authorize municipalities to grant aid with respect to common disasters and to acquire real property and lease it to a doctor or dentist.

SECTION 7—Subsections 1 and 2. Self-explanatory.

Subsection 3. The clauses repealed required,

1. the assent of the electors to the passage or repeal of a by-law granting aid to bands of music.
2. the submission of such a by-law to the electors on receipt of a petition by 15 per cent of the electors, and the enactment of a by-law where such assent is given.

Subsection 4. The authority to prohibit littering private property is extended to municipal property.

Subsection 5. Self-explanatory.

7.—(1) Paragraph 30 of subsection 1 of section 379 of *The Municipal Act*, as amended by subsection 1 of section 16 of *The Municipal Amendment Act, 1962-63*, is further amended by inserting after “fireworks” in the first line and in the second line “or any class or classes thereof”, so that the paragraph shall read as follows:

30. For regulating the sale of fireworks or any class or classes thereof and for prohibiting the sale of fireworks or any class or classes thereof on any day or days during the year or to any person under such age as the by-law may prescribe.

(2) Paragraph 31 of subsection 1 of the said section 379 is amended by inserting after “fireworks” in the first line “or any class or classes thereof”, so that the paragraph shall read as follows:

31. For prohibiting or regulating the setting off of fireworks or any class or classes thereof in the municipality or in any defined area or areas thereof and for requiring a permit for the holding of fireworks displays and prescribing the conditions under which fireworks displays may be held under such permit.

(3) Clauses *a* and *b* of paragraph 50 of subsection 1 of the said section 379 are repealed.

(4) Paragraph 68*a* of subsection 1 of the said section 379, as enacted by subsection 3 of section 21 of *The Municipal Amendment Act, 1968*, is amended by inserting after “property” in the second line “or a property of the municipality or any local board thereof”, so that the paragraph shall read as follows:

- 68*a*. For prohibiting the throwing, placing or depositing of refuse or debris on private property or a property of the municipality or any local board thereof without authority from the owner or occupant of such property.

(5) Paragraph 98 of subsection 1 of the said section 379 is amended by inserting after “power” in the second line “or supplying cooling energy” and by inserting after “steam” in the second line “or cooling energy”, so that the paragraph, exclusive of the clause, shall read as follows:

98. For authorizing any person supplying steam for heat or power or supplying cooling energy to lay down pipes or conduits for transmitting steam or cooling

energy under the highways or public squares, on such terms and conditions as the council may deem expedient.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 122,
re-enacted

(6) Paragraph 122 of subsection 1 of the said section 379 is repealed and the following substituted therefor:

Signs

122. For prohibiting or regulating signs and other advertising devices and the posting of notices on buildings or vacant lots within any defined area or areas or on land abutting on any defined highway or part of a highway and any by-law passed under this paragraph may provide that a sign or other advertising device that on the day the by-law comes into force does not comply with the by-law, the sign or advertising device shall be,

(a) made to comply with the by-law; or

(b) removed by the owner thereof or by the owner of the land on which it is situate,

on or before the expiration of three years from the day the by-law comes into force.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 129,
repealed

(7) Paragraph 129 of subsection 1 of the said section 379 is repealed.

R.S.O. 1960,
c. 249,
s. 399,
subs. 1,
par. 3,
re-enacted

8. Paragraph 3 of subsection 1 of section 399 of *The Municipal Act* is repealed and the following substituted therefor:

Prohibiting
sale of
refresh-
ments on
public
streets, etc.

3. For prohibiting the sale of refreshments or confections, including, without limiting the generality of the foregoing, fruit, candy, peanuts, popcorn, ice cream, ice cream cones, iced milk and other iced confectionery from a basket or wagon, cart or other vehicle upon any highway or part of it or in any public park or other public place, but no by-law passed under this paragraph applies to a farmer, market gardener or other person selling or delivering goods at any place of business or residence upon such highway or part thereof.

R.S.O. 1960,
c. 249,
s. 522,
subs. 1,
amended

9.—(1) Subsection 1 of section 522 of *The Municipal Act* is amended by inserting after “three” in the sixth line “or five”, so that the subsection shall read as follows:

Subsection 6. The amendment is to make it clear that the power to prohibit or regulate signs may be exercised in respect of the sign itself as distinct from the physical act of erecting the sign. Existing non-conforming signs may be required to either be made to comply with the by-law or be removed within 3 years following the effective date of the by-law.

Subsection 7. The repealed paragraph authorized municipalities to limit by by-law the number of public garages and service stations. The matter is more appropriately dealt with as a land use matter under the provisions of *The Planning Act*.

SECTION 8. The re-enacted paragraph authorizes the prohibition of the sale of refreshments and confections generally. Formerly the paragraph listed specific items, the sale of which could be prohibited.

SECTION 9—Subsection 1. The amendment gives the Lieutenant Governor in Council authority to appoint three or five members to the board of trustees of an improvement district. Formerly only a three-member board could be appointed.

Subsection 2. Complementary to subsection 1.

SECTION 10. The subsection makes a tax arrears certificate given by the treasurer binding on the municipality and makes it clear that the fee charged therefor belongs to the municipality.

SECTION 11. The section is amended to prohibit the charging back of any deficiency caused by the abatement or refunding of taxes resulting from applications brought under clause *d* or *g* of section 76(1) of *The Assessment Act, 1968-69*.

- (1) Every improvement district shall be deemed to be ^{Nature and status} for all purposes of every Act a township municipality, a village municipality or a town municipality as may be designated from time to time by the Municipal Board, except that its powers instead of being exercised by a council shall be exercised by a board of three or five trustees appointed and designated as chairman, vice-chairman and member by the Lieutenant Governor in Council.
- (2) Subsection 3 of the said section 522 is amended by ^{R.S.O. 1960, c. 249, s. 522, subs. 3, amended} striking out "Two" and inserting in lieu thereof "A majority of the", so that the subsection shall read as follows:
- (3) A majority of the members of the board form a ^{Quorum} quorum.
- 10.** Section 570 of *The Municipal Act*, as enacted by ^{R.S.O. 1960, c. 249, s. 570, (1968-69, c. 74, s. 31), amended} section 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding thereto the following subsection:
 - (1a) A statement given under subsection 1 is binding ^{Idem} upon the municipal corporation and the amount charged for the search and statement belongs to the corporation and not to the treasurer.
- 11.** Section 629 of *The Municipal Act*, as enacted by section ^{R.S.O. 1960, c. 249, s. 629, (1968-69, c. 74, s. 31), amended} 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding at the end thereof "provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*", so that the section shall read as follows:
 629. Every municipal council in paying over any rate to a ^{Where deficiency occurs} body for which it is required by law to levy rates or raise money shall, except where otherwise provided, supply out of the funds of the corporation any deficiency caused by the non-payment of taxes, and, where any deficiency is caused by the abatement or refund of or inability to collect taxes or by the limitation of taxation of a telephone company under section 11 of *The Assessment Act, 1968-69*, the ^{1968-69, c. 6} council shall charge back a proportionate share thereof to every such body provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 1,
amended

12.—(1) Subsection 1 of section 651 of *The Municipal Act*, as enacted by section 31 of *The Municipal Amendment Act, 1968-69*, is amended by striking out “6” in the ninth line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Local
treasurer to
pay over
county
moneys to
county
treasurer

- (1) The treasurer of every township, town or village shall, on or before the 20th day of December in each year, pay to the treasurer of the county all moneys that were assessed and by law required to be levied and collected in the municipality for county purposes or for any of the purposes mentioned in section 648, and, in case of non-payment of such moneys or any portion thereof on or before such date, the township, town or village so in default shall pay to the county interest thereon at the rate of 12 per cent per annum from such date until payment is made.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 2,
amended

(2) Subsection 2 of the said section 651 is amended by striking out “6” in the second line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Reduced
penalty
rate and
allowance of
discount for
prepayment

- (2) The council of a county may by by-law provide for a rate of interest of less than 12 per cent per annum in case of non-payment of moneys assessed for county purposes and may also provide for payment of a discount at such rate per annum as the by-law may set forth for payment of moneys or any portion thereof assessed for county purposes if paid prior to the 20th day of December in the year in which the moneys are payable.

R.S.O. 1960,
c. 249,
Form 21,
repealed

13. Form 21 of *The Municipal Act* is repealed.

Commence-
ment

14.—(1) This Act, except section 6, subsection 7 of section 7, and sections 11 and 12, comes into force on the day it receives Royal Assent.

Idem

(2) Sections 6 and 11 shall be deemed to have come into force on the 1st day of January, 1970.

Idem

(3) Section 12 comes into force on the 1st day of January, 1971.

Idem

(4) Subsection 7 of section 7 comes into force on a day to be named by the Lieutenant Governor by his proclamation.

Short
title

15. This Act may be cited as *The Municipal Amendment Act, 1970 (No. 4)*.

SECTION 12. The maximum rate of interest chargeable by a county on overdue moneys under this section is increased from 6 per cent per annum to 12 per cent per annum.

SECTION 13. Complementary to section 2 of the Bill.

An Act to amend
The Municipal Act

1st Reading

November 5th, 1970

2nd Reading

3rd Reading

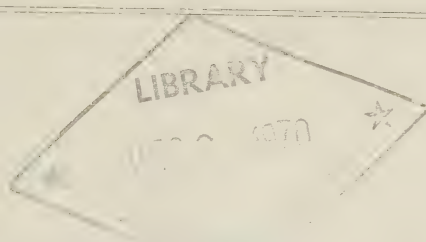
MR. McKEOUGH

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Government
Publications

BILL 231

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Municipal Act

MR. McKEOUGH

(Reprinted as amended by the Committee of the Whole House)

EXPLANATORY NOTES

SECTION 1. Specific provision is made for the appointment by a council of a chief administrative officer and his general area of responsibility is set out.

SECTION 2. The subsection repealed required every constable to make a declaration in a prescribed form before entering on the duties of his office. *The Police Act* contains a similar provision and the subsection is therefor repealed as redundant.

SECTION 3. Complementary to section 1 of the Bill.

BILL 231

1970

An Act to amend The Municipal Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

- 1.** *The Municipal Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 249,
amended

CHIEF ADMINISTRATIVE OFFICER

- 214a. The council may by by-law appoint a chief administrative officer, who, Chief
administra-
tive
officer

(a) shall have such general control and management of the administration of the government and affairs of the municipal corporation and perform such duties as the council by by-law prescribes; and

(b) shall be responsible for the efficient administration of all its departments to the extent that he is given authority and control over them by by-law.

- 2.** Subsection 3 of section 236 of *The Municipal Act* is repealed. R.S.O. 1960,
c. 249,
s. 236,
subs. 3,
repealed

3. Subsection 2 of section 239 of *The Municipal Act*, as enacted by section 9 of *The Municipal Amendment Act, 1962-63* and amended by section 10 of *The Municipal Amendment Act, 1968-69*, is further amended by inserting after "No" the first line "chief administrative officer", so that the subsection shall read as follows: R.S.O. 1960,
c. 249,
s. 239
(1962-63
c. 87, s. 9),
subs. 2,
amended

- (2) No chief administrative officer, clerk, treasurer or engineer shall be dismissed from office except after a hearing by the council or a committee of the whole council if requested by the officer concerned. Dismissal
of officers

R.S.O. 1960,
c. 249,
s. 240,
amended

4. Section 240 of *The Municipal Act*, as amended by section 34 of *The Municipal Amendment Act, 1961-62*, is further amended by adding thereto the following subsection:

Allowance
to surviving
spouse

- (1a) Where a council grants an annual retirement allowance to an employee under subsection 1, the by-law may include provision for continuing the allowance to the surviving spouse, if any, during his or her life in an amount not exceeding one-half of the annual allowance payable to the employee.

R.S.O. 1960,
c. 249,
s. 302
(1960-61,
c. 59, s. 12),
re-enacted

5. Section 302 of *The Municipal Act*, as re-enacted by section 12 of *The Municipal Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Investment
of moneys
not immedi-
ately
required

302. Where a municipality has moneys not required immediately by the municipality, such moneys may be invested in bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or the Province of Ontario, in term deposits with any chartered bank or in term deposits with or guaranteed investment certificates or debentures of any trust company or loan corporation that is registered under *The Loan and Trust Corporations Act*, provided that the bonds, debentures or other evidences of indebtedness, term deposits or guaranteed investment certificates become due and payable before the moneys invested therein are required by the municipality, and all interest thereon shall be credited to the fund from which the moneys are invested.

R.S.O. 1960,
c. 222

R.S.O. 1960,
c. 249,
s. 377,
amended

6. Section 377 of *The Municipal Act* is amended by adding thereto the following paragraphs:

Aid in
respect of
common
disaster

- 42b. For granting money by way of contribution to a relief fund established in aid of persons who suffer loss, whether in Ontario or elsewhere, as a result of a common disaster.

Power to
acquire real
property for
purpose of
leasing to
doctor or
dentist

- 69a. Without limiting the generality of section 333, and in addition to the powers set out therein, for acquiring by purchase or lease real property for the purpose of leasing such property to a legally qualified medical or dental practitioner on such terms and conditions as the council may determine, and such property may be so leased for residential, clinical or office purposes or a combination thereof.

SECTION 4. Self-explanatory.

SECTION 5. The classes of securities in which municipalities may invest moneys not immediately required are broadened.

SECTION 6. The paragraphs added authorize municipalities to grant aid with respect to common disasters and to acquire real property and lease it to a doctor or dentist.

SECTION 7—Subsections 1 and 2. Self-explanatory.

Subsection 3. The clauses repealed required,

1. the assent of the electors to the passage or repeal of a by-law granting aid to bands of music.
2. the submission of such a by-law to the electors on receipt of a petition by 15 per cent of the electors, and the enactment of a by-law where such assent is given.

Subsection 4. The authority to prohibit littering private property is extended to municipal property.

Subsection 5. Self-explanatory.

7.—(1) Paragraph 30 of subsection 1 of section 379 of *The Municipal Act*, as amended by subsection 1 of section 16 of *The Municipal Amendment Act, 1962-63*, is further amended by inserting after “fireworks” in the first line and in the second line “or any class or classes thereof”, so that the paragraph shall read as follows:

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 30,
amended

30. For regulating the sale of fireworks or any class or classes thereof and for prohibiting the sale of fireworks or any class or classes thereof on any day or days during the year or to any person under such age as the by-law may prescribe.

Sale of
fireworks

(2) Paragraph 31 of subsection 1 of the said section 379 is amended by inserting after “fireworks” in the first line “or any class or classes thereof”, so that the paragraph shall read as follows:

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 31,
amended

31. For prohibiting or regulating the setting off of fireworks or any class or classes thereof in the municipality or in any defined area or areas thereof and for requiring a permit for the holding of fireworks displays and prescribing the conditions under which fireworks displays may be held under such permit.

Setting
off
fireworks

(3) Clauses *a* and *b* of paragraph 50 of subsection 1 of the said section 379 are repealed.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 50,
cls. *a*, *b*,
repealed

(4) Paragraph 68*a* of subsection 1 of the said section 379, as enacted by subsection 3 of section 21 of *The Municipal Amendment Act, 1968*, is amended by inserting after “property” in the second line “or on property of the municipality or any local board thereof”, so that the paragraph shall read as follows:

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 68*a*,
(1968, c. 76,
s. 21,
subs. 3),
amended

- 68*a*. For prohibiting the throwing, placing or depositing of refuse or debris on private property or on property of the municipality or any local board thereof without authority from the owner or occupant of such property.

Prohibiting
littering
of private
or municipal
property

(5) Paragraph 98 of subsection 1 of the said section 379 is amended by inserting after “power” in the second line “or supplying cooling energy” and by inserting after “steam” in the second line “or cooling energy”, so that the paragraph, exclusive of the clause, shall read as follows:

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 98,
amended

98. For authorizing any person supplying steam for heat or power or supplying cooling energy to lay down pipes or conduits for transmitting steam or cooling

Transmit-
ting steam
or cooling
energy under
highways

energy under the highways or public squares, on such terms and conditions as the council may deem expedient.

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R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 122,
re-enacted

(6) Paragraph 122 of subsection 1 of the said section 379 is repealed and the following substituted therefor:

Signs

122. For prohibiting or regulating signs and other advertising devices and the posting of notices on buildings or vacant lots within any defined area or areas or on land abutting on any defined highway or part of a highway and any by-law passed under this paragraph may provide that a sign or other advertising device that on the day the by-law comes into force does not comply with the by-law, shall be,

(a) made to comply with the by-law; or

(b) removed by the owner thereof or by the owner of the land on which it is situate,

on or before the expiration of three years from the day the by-law comes into force.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 129,
repealed

(7) Paragraph 129 of subsection 1 of the said section 379 is repealed.

R.S.O. 1960,
c. 249,
s. 399,
subs. 1,
par. 3,
re-enacted

8. Paragraph 3 of subsection 1 of section 399 of *The Municipal Act* is repealed and the following substituted therefor:

Prohibiting
sale of
refresh-
ments on
public
streets, etc.

3. For prohibiting the sale of refreshments or confections, including, without limiting the generality of the foregoing, fruit, candy, peanuts, popcorn, ice cream, ice cream cones, iced milk and other iced confectionery from a basket or wagon, cart or other vehicle upon any highway or part of it or in any public park or other public place, but no by-law passed under this paragraph applies to a farmer, market gardener or other person selling or delivering goods at any place of business or residence upon such highway or part thereof.

R.S.O. 1960,
c. 249,
s. 522,
subs. 1,
amended

9.—(1) Subsection 1 of section 522 of *The Municipal Act* is amended by inserting after “three” in the sixth line “or five”, so that the subsection shall read as follows:

Subsection 6. The amendment is to make it clear that the power to prohibit or regulate signs may be exercised in respect of the sign itself as distinct from the physical act of erecting the sign. Existing non-conforming signs may be required to either be made to comply with the by-law or be removed within 3 years following the effective date of the by-law.

Subsection 7. The repealed paragraph authorized municipalities to limit by by-law the number of public garages and service stations. The matter is more appropriately dealt with as a land use matter under the provisions of *The Planning Act*.

SECTION 8. The re-enacted paragraph authorizes the prohibition of the sale of refreshments and confections generally. Formerly the paragraph listed specific items, the sale of which could be prohibited.

SECTION 9—Subsection 1. The amendment gives the Lieutenant Governor in Council authority to appoint three or five members to the board of trustees of an improvement district. Formerly only a three-member board could be appointed.

Subsection 2. Complementary to subsection 1.

SECTION 10. The subsection makes a tax arrears certificate given by the treasurer binding on the municipality and makes it clear that the fee charged therefor belongs to the municipality.

SECTION 11. The section is amended to prohibit the charging back of any deficiency caused by the abatement or refunding of taxes resulting from applications brought under clause *d* or *g* of section 76(1) of *The Assessment Act, 1968-69*.

- (1) Every improvement district shall be deemed to be ^{Nature and status} for all purposes of every Act a township municipality, a village municipality or a town municipality as may be designated from time to time by the Municipal Board, except that its powers instead of being exercised by a council shall be exercised by a board of three or five trustees appointed and designated as chairman, vice-chairman and member by the Lieutenant Governor in Council.

(2) Subsection 3 of the said section 522 is amended by ^{R.S.O. 1960, c. 249, s. 522, subs. 3, amended} striking out "Two" and inserting in lieu thereof "A majority of the", so that the subsection shall read as follows:

- (3) A majority of the members of the board form a ^{Quorum} quorum.

10. Section 570 of *The Municipal Act*, as enacted by ^{R.S.O. 1960, c. 249, s. 570, (1968-69, c. 74, s. 31), amended} section 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding thereto the following subsection:

- (1a) A statement given under subsection 1 is binding ^{Idem} upon the municipal corporation and the amount charged for the search and statement belongs to the corporation and not to the treasurer.

11. Section 629 of *The Municipal Act*, as enacted by section ^{R.S.O. 1960, c. 249, s. 629, (1968-69, c. 74, s. 31), amended} 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding at the end thereof "provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*", so that the section shall read as follows:

629. Every municipal council in paying over any rate to a ^{Where deficiency occurs} body for which it is required by law to levy rates or raise money shall, except where otherwise provided, supply out of the funds of the corporation any deficiency caused by the non-payment of taxes, and, where any deficiency is caused by the abatement or refund of or inability to collect taxes or by the limitation of taxation of a telephone company under section 11 of *The Assessment Act, 1968-69*, the ^{1968-69, c. 6} council shall charge back a proportionate share thereof to every such body, provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 1,
amended

12.—(1) Subsection 1 of section 651 of *The Municipal Act*, as enacted by section 31 of *The Municipal Amendment Act, 1968-69*, is amended by striking out “6” in the ninth line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Local
treasurer to
pay over
county
moneys to
county
treasurer

- (1) The treasurer of every township, town or village shall, on or before the 20th day of December in each year, pay to the treasurer of the county all moneys that were assessed and by law required to be levied and collected in the municipality for county purposes or for any of the purposes mentioned in section 648, and, in case of non-payment of such moneys or any portion thereof on or before such date, the township, town or village so in default shall pay to the county interest thereon at the rate of 12 per cent per annum from such date until payment is made.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 2,
amended

- (2) Subsection 2 of the said section 651 is amended by striking out “6” in the second line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Reduced
penalty
rate and
allowance of
discount for
prepayment

- (2) The council of a county may by by-law provide for a rate of interest of less than 12 per cent per annum in case of non-payment of moneys assessed for county purposes and may also provide for payment of a discount at such rate per annum as the by-law may set forth for payment of moneys or any portion thereof assessed for county purposes if paid prior to the 20th day of December in the year in which the moneys are payable.

R.S.O. 1960,
c. 249,
Form 21,
repealed
Commence-
ment

- 13.** Form 21 of *The Municipal Act* is repealed.

14.—(1) This Act, except section 6, subsection 7 of section 7, and sections 11 and 12, comes into force on the day it receives Royal Assent.

Idem

- (2) Sections 6 and 11 shall be deemed to have come into force on the 1st day of January, 1970.

Idem

- (3) Section 12 comes into force on the 1st day of January, 1971.

Idem

- (4) Subsection 7 of section 7 comes into force on a day to be named by the Lieutenant Governor by his proclamation.

Short
title

- 15.** This Act may be cited as *The Municipal Amendment Act, 1970 (No. 4)*.

SECTION 12. The maximum rate of interest chargeable by a county on overdue moneys under this section is increased from 6 per cent per annum to 12 per cent per annum.

SECTION 13. Complementary to section 2 of the Bill.

An Act to amend
The Municipal Act

1st Reading

November 5th, 1970

2nd Reading

November 9th, 1970

3rd Reading

MR. McKEOUGH

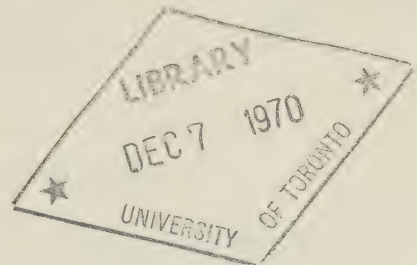
(Reprinted as amended by the Committee
of the Whole House)

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Government
Publication

BILL 231

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970



An Act to amend The Municipal Act

MR. McKEOUGH

An Act to amend The Municipal Act

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. *The Municipal Act* is amended by adding thereto the following section: R.S.O. 1960,
c. 249,
amended

CHIEF ADMINISTRATIVE OFFICER

214a. The council may by by-law appoint a chief administrative officer, who, Chief
administra-
tive
officer

(a) shall have such general control and management of the administration of the government and affairs of the municipal corporation and perform such duties as the council by by-law prescribes; and

(b) shall be responsible for the efficient administration of all its departments to the extent that he is given authority and control over them by by-law.

2. Subsection 3 of section 236 of *The Municipal Act* is repealed. R.S.O. 1960,
c. 249,
s. 236,
subs. 3,
repealed

3. Subsection 2 of section 239 of *The Municipal Act*, as enacted by section 9 of *The Municipal Amendment Act, 1962-63* and amended by section 10 of *The Municipal Amendment Act, 1968-69*, is further amended by inserting after "No" in the first line "chief administrative officer", so that the subsection shall read as follows: R.S.O. 1960,
c. 249,
s. 239
(1962-63
c. 87, s. 9),
subs. 2,
amended

(2) No chief administrative officer, clerk, treasurer or engineer shall be dismissed from office except after a hearing by the council or a committee of the whole council if requested by the officer concerned. Dismissal
of officers

R.S.O. 1960,
c. 249,
s. 240,
amended

4. Section 240 of *The Municipal Act*, as amended by section 34 of *The Municipal Amendment Act, 1961-62*, is further amended by adding thereto the following subsection:

Allowance
to surviving
spouse

(1a) Where a council grants an annual retirement allowance to an employee under subsection 1, the by-law may include provision for continuing the allowance to the surviving spouse, if any, during his or her life in an amount not exceeding one-half of the annual allowance payable to the employee.

R.S.O. 1960,
c. 249,
s. 302
(1960-61,
c. 59, s. 12),
re-enacted

5. Section 302 of *The Municipal Act*, as re-enacted by section 12 of *The Municipal Amendment Act, 1960-61*, is repealed and the following substituted therefor:

Investment
of moneys
not immedi-
ately
required

302. Where a municipality has moneys not required immediately by the municipality, such moneys may be invested in bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or the Province of Ontario, in term deposits with any chartered bank or in term deposits with or guaranteed investment certificates or debentures of any trust company or loan corporation that is registered under *The Loan and Trust Corporations Act*, provided that the bonds, debentures or other evidences of indebtedness, term deposits or guaranteed investment certificates become due and payable before the moneys invested therein are required by the municipality, and all interest thereon shall be credited to the fund from which the moneys are invested.

R.S.O. 1960,
c. 222

6. Section 377 of *The Municipal Act* is amended by adding thereto the following paragraphs:

Aid in
respect of
common
disaster

42b. For granting money by way of contribution to a relief fund established in aid of persons who suffer loss, whether in Ontario or elsewhere, as a result of a common disaster.

Power to
acquire real
property for
purpose of
leasing to
doctor or
dentist

69a. Without limiting the generality of section 333, and in addition to the powers set out therein, for acquiring by purchase or lease real property for the purpose of leasing such property to a legally qualified medical or dental practitioner on such terms and conditions as the council may determine, and such property may be so leased for residential, clinical or office purposes or a combination thereof.

7.—(1) Paragraph 30 of subsection 1 of section 379 of *The Municipal Act*, as amended by subsection 1 of section 16 of *The Municipal Amendment Act, 1962-63*, is further amended by inserting after “fireworks” in the first line and in the second line “or any class or classes thereof”, so that the paragraph shall read as follows:

30. For regulating the sale of fireworks or any class or classes thereof and for prohibiting the sale of fireworks or any class or classes thereof on any day or days during the year or to any person under such age as the by-law may prescribe.

(2) Paragraph 31 of subsection 1 of the said section 379 is amended by inserting after “fireworks” in the first line “or any class or classes thereof”, so that the paragraph shall read as follows:

31. For prohibiting or regulating the setting off of fireworks or any class or classes thereof in the municipality or in any defined area or areas thereof and for requiring a permit for the holding of fireworks displays and prescribing the conditions under which fireworks displays may be held under such permit.

(3) Clauses *a* and *b* of paragraph 50 of subsection 1 of the said section 379 are repealed.

(4) Paragraph 68*a* of subsection 1 of the said section 379, as enacted by subsection 3 of section 21 of *The Municipal Amendment Act, 1968*, is amended by inserting after “property” in the second line “or on property of the municipality or any local board thereof”, so that the paragraph shall read as follows:

- 68*a*. For prohibiting the throwing, placing or depositing of refuse or debris on private property or on property of the municipality or any local board thereof without authority from the owner or occupant of such property.

(5) Paragraph 98 of subsection 1 of the said section 379 is amended by inserting after “power” in the second line “or supplying cooling energy” and by inserting after “steam” in the second line “or cooling energy”, so that the paragraph, exclusive of the clause, shall read as follows:

98. For authorizing any person supplying steam for heat or power or supplying cooling energy to lay down pipes or conduits for transmitting steam or cooling

energy under the highways or public squares, on such terms and conditions as the council may deem expedient.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 122,
re-enacted

(6) Paragraph 122 of subsection 1 of the said section 379 is repealed and the following substituted therefor:

Signs

122. For prohibiting or regulating signs and other advertising devices and the posting of notices on buildings or vacant lots within any defined area or areas or on land abutting on any defined highway or part of a highway and any by-law passed under this paragraph may provide that a sign or other advertising device that on the day the by-law comes into force does not comply with the by-law, shall be,

(a) made to comply with the by-law; or

(b) removed by the owner thereof or by the owner of the land on which it is situate,

on or before the expiration of three years from the day the by-law comes into force.

R.S.O. 1960,
c. 249,
s. 379,
subs. 1,
par. 129,
repealed

(7) Paragraph 129 of subsection 1 of the said section 379 is repealed.

R.S.O. 1960,
c. 249,
s. 399,
subs. 1,
par. 3,
re-enacted

8. Paragraph 3 of subsection 1 of section 399 of *The Municipal Act* is repealed and the following substituted therefor:

Prohibiting
sale of
refresh-
ments on
public
streets, etc.

3. For prohibiting the sale of refreshments or confections, including, without limiting the generality of the foregoing, fruit, candy, peanuts, popcorn, ice cream, ice cream cones, iced milk and other iced confectionery from a basket or wagon, cart or other vehicle upon any highway or part of it or in any public park or other public place, but no by-law passed under this paragraph applies to a farmer, market gardener or other person selling or delivering goods at any place of business or residence upon such highway or part thereof.

R.S.O. 1960,
c. 249,
s. 522,
subs. 1,
amended

9.—(1) Subsection 1 of section 522 of *The Municipal Act* is amended by inserting after “three” in the sixth line “or five”, so that the subsection shall read as follows:

- (1) Every improvement district shall be deemed to be ^{Nature and status} for all purposes of every Act a township municipality, a village municipality or a town municipality as may be designated from time to time by the Municipal Board, except that its powers instead of being exercised by a council shall be exercised by a board of three or five trustees appointed and designated as chairman, vice-chairman and member by the Lieutenant Governor in Council.

(2) Subsection 3 of the said section 522 is amended by ^{R.S.O. 1960, c. 249, s. 522, subs. 3, amended} striking out "Two" and inserting in lieu thereof "A majority of the", so that the subsection shall read as follows:

- (3) A majority of the members of the board form a ^{Quorum} quorum.

10. Section 570 of *The Municipal Act*, as enacted by ^{R.S.O. 1960, c. 249, s. 570, (1968-69, c. 74, s. 31), amended} section 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding thereto the following subsection:

- (1a) A statement given under subsection 1 is binding ^{Idem} upon the municipal corporation and the amount charged for the search and statement belongs to the corporation and not to the treasurer.

11. Section 629 of *The Municipal Act*, as enacted by section ^{R.S.O. 1960, c. 249, s. 629, (1968-69, c. 74, s. 31), amended} 31 of *The Municipal Amendment Act, 1968-69*, is amended by adding at the end thereof "provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*", so that the section shall read as follows:

629. Every municipal council in paying over any rate to a ^{Where deficiency occurs} body for which it is required by law to levy rates or raise money shall, except where otherwise provided, supply out of the funds of the corporation any deficiency caused by the non-payment of taxes, and, where any deficiency is caused by the abatement or refund of or inability to collect taxes or by the limitation of taxation of a telephone company under section 11 of *The Assessment Act, 1968-69*, the ^{1968-69, c. 6} council shall charge back a proportionate share thereof to every such body, provided that the council shall not charge back any deficiency caused by an abatement or refund of taxes made as a result of an application brought under clause *d* or *g* of subsection 1 of section 76 of *The Assessment Act, 1968-69*.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 1,
amended

12.—(1) Subsection 1 of section 651 of *The Municipal Act*, as enacted by section 31 of *The Municipal Amendment Act, 1968-69*, is amended by striking out “6” in the ninth line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Local
treasurer to
pay over
county
moneys to
county
treasurer

(1) The treasurer of every township, town or village shall, on or before the 20th day of December in each year, pay to the treasurer of the county all moneys that were assessed and by law required to be levied and collected in the municipality for county purposes or for any of the purposes mentioned in section 648, and, in case of non-payment of such moneys or any portion thereof on or before such date, the township, town or village so in default shall pay to the county interest thereon at the rate of 12 per cent per annum from such date until payment is made.

R.S.O. 1960,
c. 249,
s. 651
(1968-69,
c. 74, s. 31),
subs. 2,
amended

(2) Subsection 2 of the said section 651 is amended by striking out “6” in the second line and inserting in lieu thereof “12”, so that the subsection shall read as follows:

Reduced
penalty
rate and
allowance of
discount for
prepayment

(2) The council of a county may by by-law provide for a rate of interest of less than 12 per cent per annum in case of non-payment of moneys assessed for county purposes and may also provide for payment of a discount at such rate per annum as the by-law may set forth for payment of moneys or any portion thereof assessed for county purposes if paid prior to the 20th day of December in the year in which the moneys are payable.

R.S.O. 1960,
c. 249,
Form 21,
repealed

13. Form 21 of *The Municipal Act* is repealed.

Commence-
ment

14.—(1) This Act, except section 6, subsection 7 of section 7, and sections 11 and 12, comes into force on the day it receives Royal Assent.

Idem

(2) Sections 6 and 11 shall be deemed to have come into force on the 1st day of January, 1970.

Idem

(3) Section 12 comes into force on the 1st day of January, 1971.

Idem

(4) Subsection 7 of section 7 comes into force on a day to be named by the Lieutenant Governor by his proclamation.

Short
title

15. This Act may be cited as *The Municipal Amendment Act, 1970 (No. 4)*.

An Act to amend
The Municipal Act

1st Reading

November 5th, 1970

2nd Reading

November 9th, 1970

3rd Reading

November 13th, 1970

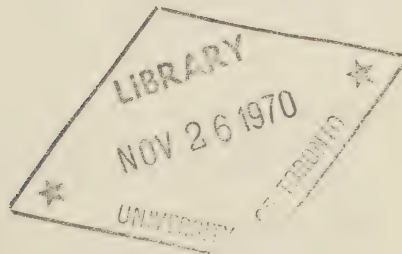
MR. McKEOUGH

BILL 232

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

An Act to establish the Department of Youth

MR. REID (Scarborough East)



EXPLANATORY NOTE

The purpose of this Act is to initiate, foster and encourage orderly development of all forms of youth activities such as involvement in an in-school anti-drug abuse program and to co-ordinate Government programs designed to reduce the chronic and high youth unemployment rate in the Province of Ontario.

BILL 232

1970

An Act to establish the Department of Youth

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. In this Act,

Interpre-
tation

(a) "Department" means the Department of Youth;

(b) "Minister" means the Minister of Youth.

2. There shall be a department of the public service to be known as the Department of Youth.

Department
established

3. The Minister shall preside over and have charge of the Department.

Minister
to have
charge

4. The Minister is responsible for the administration of this Act, and any Acts that are assigned to him by the Legislature or by the Lieutenant Governor in Council.

Minister's
Acts

5.—(1) The Minister shall,

Duties of
Minister

- (a) initiate, foster and encourage orderly development of all forms of youth activities, including community action activities especially among the many disadvantaged people of Ontario;
- (b) stimulate interest and participation in youth training for leadership in all spheres of social, recreational and cultural affairs including control of drug abuse;
- (c) encourage and promote activities to enable the maximum number of young people to participate in the employed labour force providing special assistance where warranted;
- (d) promote interest and participation in physical fitness programs by groups, organizations and individuals;

- (e) work in co-operation with other departments concerned with youth activities, co-ordinating programs desirable to carry out the intent and purpose of the Act;
- (f) promote or attend any conferences or seminars in carrying out the duties under this Act; and
- (g) perform such other functions as may be assigned by the Lieutenant Governor in Council.

Fees

- (2) The Minister may establish and collect,
 - (a) registration or other fees to be charged to persons attending or participating in conferences, seminars, courses, programs or similar events or activities sponsored by the Department;
 - (b) sale prices for publications issued by the Department; and
 - (c) fees for any other service rendered by the Department.

Annual report

6. In each year, the Minister shall cause to be prepared a report of the work of his Department for the preceding year and, when prepared, shall lay a copy of it before the Legislative Assembly if it is then in session and if not, within fifteen days after the commencement of the next ensuing session.

Advisory committees

7.—(1) The Minister may establish advisory committees on youth,

- (a) to consider and make recommendations to the Minister on such matters relating to young people as referred to it by the Minister, which would be desirable to enable the Minister and the Department to carry out the intent and purpose of this Act, and
- (b) to undertake such other advisory functions and duties as may be given to them by the Minister or the Lieutenant Governor in Council.

Members

(2) The advisory committees on youth shall consist of such members, as may be appointed thereto by the Minister.

Chairman

(3) The Minister may designate one of the members as chairman.

8.—(1) The Minister may establish councils of young ^{Councils of young people} people to advise and inform him and the Government, from ^{people} the point of view of youth,

- (a) on the attitudes of the young people of Ontario with respect to matters of general public interest or concern such as government and political parties;
- (b) on matters of particular interest or concern to the young people of Ontario such as the chronic, high level of youth unemployment in Ontario.

(2) The councils of young people shall consist of such young ^{Members} persons, not exceeding three, as may be appointed thereto by the Minister as being representative of the youth of the Province.

(3) The Minister may designate one of the members as ^{Chairman} chairman.

9. Such officers, clerks and servants may be appointed or ^{Officers and staff} transferred under *The Public Service Act, 1961-62* as are ^{1961-62, c. 121} considered necessary from time to time for the proper conduct of the business of the Department.

10. This Act comes into force on the 1st day of January, ^{Commence-} 1971. ^{ment}

11. This Act may be cited as *The Department of Youth Act*, ^{Short title} 1970.

An Act to establish
the Department of Youth

1st Reading

November 12th, 1970

2nd Reading

3rd Reading

MR. REID (Scarborough East)

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BILL 233

Government
Publications

3RD SESSION, 28TH LEGISLATURE, ONTARIO
19 ELIZABETH II, 1970

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1970

**An Act for granting to Her Majesty certain sums of
money for the Public Service for the fiscal year
ending the 31st day of March, 1971**

MR. MACNAUGHTON

TORONTO

PRINTED AND PUBLISHED BY WILLIAM KINMOND, QUEEN'S PRINTER AND PUBLISHER

BILL 233

1970

An Act for granting to Her Majesty certain sums of money for the Public Service for the fiscal year ending the 31st day of March, 1971

MOST GRACIOUS SOVEREIGN:

WHEREAS it appears by messages from the Honourable ^{Preamble} William Ross Macdonald, Lieutenant Governor of the Province of Ontario, and the estimates accompanying the same, that the sums mentioned in the Schedule to this Act are required to defray certain charges and expenses of the public service of this Province, not otherwise provided for, for the fiscal year ending the 31st day of March, 1971, and for other purposes connected with the public service; may it therefore please Your Majesty that it be enacted and it is hereby enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, as follows:

1.—(1) There may be paid out of the Consolidated Revenue Fund a sum not exceeding in the whole \$4,215,144,000 ^{\$4,215,144,000 granted for fiscal year 1970-71} to be applied towards defraying the several charges and expenses of the public service, not otherwise provided for, from the 1st day of April, 1970, to the 31st day of March, 1971, as set forth in the Schedule to this Act, and, subject to subsection 2, such sum shall be paid and applied only in accordance with the votes and items of the estimates and supplementary estimates upon which the Schedule is based.

(2) Where, in the fiscal year ending the 31st day of March, 1971, powers and duties are assigned and transferred from one minister of the Crown to another minister of the Crown, the appropriate sums in the votes and items of the estimates upon which the Schedule is based that are approved to defray the charges and expenses of the public service in the exercise and performance of such powers and duties, may be assigned and ^{Exception}

transferred from time to time as required by certificate of the Treasury Board to the department administered by the minister to whom the powers and duties are so assigned and transferred.

Accounting for Expenditures **2.** The due application of all moneys expended under this Act shall be accounted for to Her Majesty.

Commencement **3.** This Act comes into force on the day it receives Royal Assent.

Short title **4.** This Act may be cited as *The Supply Act, 1970*.

SCHEDULE

Department of Agriculture and Food.....	\$ 79,419,000
Department of Civil Service.....	2,820,000
Department of Correctional Services.....	48,219,000
Department of Education.....	1,079,224,000
Department of Energy and Resources Management.....	90,097,000
Department of Financial and Commercial Affairs.....	4,685,000
Department of Health.....	894,925,000
Department of Highways.....	500,827,000
Department of Justice.....	107,993,000
Department of Labour.....	23,962,000
Department of Lands and Forests.....	69,013,000
Office of the Lieutenant Governor.....	40,000
Department of Mines and Northern Affairs (formerly Department of Mines).....	9,849,000
Department of Municipal Affairs.....	250,998,000
Department of the Prime Minister.....	364,000
Office of the Provincial Auditor.....	944,000
Department of the Provincial Secretary and Citizenship.....	9,003,000
Department of Public Works.....	98,808,000
Department of Revenue.....	11,224,000
Department of Social and Family Services....	297,281,000
Department of Tourism and Information.....	12,869,000
Department of Trade and Development.....	138,526,000
Department of Transport.....	15,200,000
Department of Treasury and Economics.....	42,537,000
Treasury Board.....	2,010,000
Department of University Affairs.....	424,307,000
	<hr/>
	\$4,215,144,000

The Supply Act, 1970

1st Reading

November 13th, 1970

2nd Reading

November 13th, 1970

3rd Reading

November 13th, 1970

MR. MACNAUGHTON

